

2011 ANNUAL REPORT &
BUSINESS PLAN



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MESSAGE FROM THE CHAIR



June 27, 2011
Honourable John Gerretsen
Minister of Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto, Ontario
M7A 1L2

Dear Minister Gerretsen,

I am pleased to present the 2011 Annual Report and Business Plan of the Travel Industry Council of Ontario (TICO). This is the first time that TICO has combined its Annual Report with its Business Plan. We felt that a combined document would be an efficient way to get all of the information to our stakeholders in a way that avoids duplication and is cost effective. We hope that you like the result and as always would welcome your feedback.

Overall, during the past year, TICO's performance has met its mandate. Full details with respect to TICO's activities and accomplishments are presented in the body of the report. Some of the highlights from the past year include the following:

- A number of changes were made to the *Travel Industry Act, 2002* and Ontario Regulation 26/05. Some of the changes include the removal of the prohibition against registering non-share capital corporations, amendments to the definition of "travel services", new trip completion claim provisions and new provisions requiring registrants to provide notice to TICO of their intention to cease operations.
- TICO's Consumer Awareness Campaign had a very successful year. The Campaign utilized TV, radio and magazine advertising in addition to posters in GO stations, had a full advertising domination in the Royal Bank Plaza and utilized billboard ads on the platforms in Union Station. A media event was held in Union Station where staff handed out reusable TICO bags and informational literature to commuters. TICO held a "Win Your Dream Trip Contest", which was immensely popular and increased traffic to its redesigned website. A video was also produced to encourage registrants to get involved and promote the campaign.
- In November 2010, a significant change was implemented with respect to the governance structure of the TICO Board of Directors. The Chair is now elected by the Board from the five Ministerial appointees. Previously, this role was filled by an industry member and alternated between a retail and wholesale representative each year.

As the first non-industry Chair, I welcome the challenge and look forward to working with my colleagues on the Board, the government, industry and consumer stakeholders as we strive to promote a fair and informed marketplace where consumers can be confident in their travel purchases. Given the global nature of the business and increasing consolidation of the industry, there are many risks that the regulator has to take into consideration in trying to ensure that the public is adequately protected. Going forward, TICO will be focusing heavily on risk management and on how it can close the gaps that exist in consumer protection. In particular, TICO will be focusing on enhancing the protection offered by the Compensation Fund.

TICO will also be working on developing partnerships with other provinces within Canada as it believes that harmonization of standards would benefit both businesses and consumers. Manitoba has recently expressed an interest in improving consumer protection in the travel industry and released a Public Consultation Paper on the issue. TICO continues to be an advocate for a national scheme that would ensure consistent protection for consumers across the country.

Yours truly,

Travel Industry Council of Ontario

A handwritten signature in black ink, appearing to read 'Michael Janigan', with a stylized flourish at the end.

Michael Janigan
Chair of the Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT



EXECUTIVE SUMMARY

On June 25, 2011, the Travel Industry Council of Ontario (TICO) celebrated its fourteenth year since receiving delegation to administer Ontario's Travel Industry Act. With the expansion of technology and electronic commerce, sellers of travel have the ability to instantly reach consumers anywhere in the world. It is a much different landscape than when the legislation was first introduced in 1975, with many additional risks.

Consolidation of the industry has resulted in a decline in the number of travel agencies in Ontario. The number of retail and wholesale registrants was approximately 2,500 in March of 2011, compared to over 3,000 in 1997. Despite the decline in the number of registered entities, total annual gross sales have increased. Service fees have replaced commissions as the major source of revenue for most agencies. Margins are tight and competition is fierce.

Given the economic climate, TICO's Financial Inspections Programme is vital to ensuring consumer protection. All registrant financial statements are subject to a bench review to ensure compliance with the financial requirements set out in Ontario Regulation 26/06 ("Regulation"). TICO is always looking for ways to strengthen its practices in order to identify potential risks sooner and to address them without adverse impacts for consumers. This year, TICO paid out \$218,597 in claims against the Compensation Fund. This is a significant reduction from the prior year when over \$3 million was paid in claims.

TICO Education Standards came into force on July 1, 2009. As of March 31, 2011, over 27,000 individuals have taken the exams. During the fiscal year, 5,277 exams were written. A number of changes were made to the *Travel Industry Act, 2002* ("Act") and Regulation over the last year. TICO has been working to implement those changes and prepared an Explanatory Paper and Industry Advisory to assist registrants. The Education Standards Study Manual and exams are currently being revised to account for the changes made to the Act and Regulation.

TICO has continued its successful Consumer Awareness Campaign, informing consumers of the benefits of purchasing travel services through a TICO registered travel agency. The campaign has been focusing not just on increasing awareness of TICO but also increasing understanding of what TICO does and the roles it performs. Overall, I am happy to report that both consumer awareness of TICO and consumer understanding of TICO's roles increased over the last year.

Moving forward, TICO's number one priority is enhancing the Compensation Fund model. TICO is currently looking into alternate financing of the Compensation Fund and is conducting research to determine whether consumers would be willing to pay for enhanced Compensation Fund coverage or whether it might deter them from dealing with TICO-registered agencies. The goal is to address the consolidated risk of the industry and to expand what is covered by the Compensation Fund to better protect consumers.

Yours truly,

Travel Industry Council of Ontario

A handwritten signature in dark ink, appearing to read 'Michael Pepper', written in a cursive style.

Michael Pepper
President & C.E.O.



For the purposes of this Annual Report and Business Plan, the following definitions apply:

- **Registrant:** A registrant is defined as a travel agent or a travel wholesaler who is registered as a travel agent or a travel wholesaler or as both under the *Travel Industry Act, 2002*.
- **Travel Wholesaler:** A travel wholesaler is defined as a person who acquires rights to a travel service for the purpose of resale to a travel agent or who carries on the business of dealing with travel agents or travel wholesalers for the sale of travel services provided by another person.
- **Travel Agent:** A travel agent is defined as a person who sells to consumers, travel services provided by another person.
- **Non-Registrant:** An organization which supplies travel services, but is not registered in Ontario including (but not limited to):
 - travel wholesalers and travel retailers not located in Ontario.
 - companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
 - end suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.

MANDATE

TICO's mandate is to support the Ministry of Consumer Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*. This mandate is accomplished by developing and fostering high standards in:

- Consumer protection.
- Registration, inspection, supervision and discipline of registrants.
- Consumer education and awareness.
- Investigating and mediating disputes between consumers and registrants.

In addition, programs will serve to support this mandate by:

- Promoting fair and ethical competition within the industry.
- Supporting a Code of Ethics.
- Maintaining and enforcing programs that provide for consumer compensation in specific circumstances.
- Promoting an expected level of education as a criterion for registration.
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.



MISSION

To promote a fair and informed marketplace where consumers can be confident in their travel purchases.

VISION

Enhance confidence in the travel industry by becoming:

- A leader in developing an improved system of consumer protection.
- A model for a progressive, fair and firm administrator of industry regulations.
- A developer, promoter and advocate of good business ethics and harmonized standards in the travel industry.

VALUES

TICO will be:

- Fair, but firm in our conduct with registrants and consumers.
- Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of our registrants.
- Visionary in our approach to improving the Industry and Industry practices, while remaining accountable to all stakeholders for the cost-effectiveness and practicality of solutions and initiatives.

Above all, TICO will be ethical in everything TICO does.

STAKEHOLDERS

TICO works with stakeholder groups including:

Consumers: to increase awareness of their own rights and responsibilities, and those of the Ontario travel industry under the Act. In 2006, TICO established a Consumer Advisory Committee to increase consumer consultation and input and to enhance TICO's understanding of consumers needs as it relates to the travel industry.

TICO Registrants

While TICO activities are focused on consumer protection, its clients also include the Ontario-registered travel retailers and wholesalers who fund TICO through registration fees and who pay regular fees into the Compensation Fund.

TICO serves its registrants by justifying consumer confidence in purchasing from the Ontario travel industry. This is accomplished through:

- Ongoing services and special projects aimed at monitoring and ensuring compliance with the Act and Regulations.
- Making consumers aware of the benefits of dealing with Ontario Registrants.
- Enhancing industry professionalism.
- Providing consumer compensation and recourse in specific circumstances.
- Striving to ensure the Act and Regulation remain relevant to emerging issues.

Industry Associations: to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:

- The Canadian Association of Tour Operators (CATO).

- The Association of Canadian Travel Agencies (ACTA).
- The Canadian Institute of Travel Counsellors (CITC).
- The Ontario Motor Coach Association (OMCA).

Government: which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

- Processing new applications – ensuring criteria and standards are met.
- Processing registration renewals – ensuring criteria and standards continue to be met, for example:
 - financial viability including compliance with financial criteria under the Act and Regulation
 - supervisor/manager qualifications
 - other compliance issues (e.g. advertising standards)
- Registrant inquiries.

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Inspections:
 - financial reviews of registrants to minimize risk to consumers
 - checking compliance of registrants with advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking).
- Compliance: employing administrative compliance measures to ensure that registrants correct deficiencies that have been identified.

- Investigations: investigating instances of suspected breaches of the Act which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.

- Consumer inquiries.
- Consumer education.

Complaint Resolution

- Resolving complaints:
 - between consumers and registrants
 - between consumers and TICO
 - between registrants and TICO
- Where complaints have not been resolved, providing information on other options.

The process is outlined in more detail on page 21.

Government Liaison

- Working closely with the Ministry of Consumer Services for purposes of issues management, regulatory reform and matters of public interest.

Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to increase the following:

- Consumer education and awareness on the benefits of purchasing travel services from Ontario registrants and the inherent risks of dealing with non-registrants.
- Consumer and Registrant awareness with respect to the emergence of electronic commerce as it relates to the travel industry.

Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO), one from the Ontario Motor Coach Association (OMCA), one from the Canadian Institute of Travel Counsellors (CITC) and five appointed by the Minister of Consumer Services. There are also two members that are elected by the industry at large. (See Appendix II)

Remuneration of Board and Committee Members (Per Diems)

TICO's by-laws provide for the remuneration of Directors. The Board has approved levels of remuneration, which will be adjusted annually with the Consumer Price Index (CPI).

TICO's Remuneration Policy provides for the following per diem levels:

Board Meetings:

Chair	\$427
Vice-Chair	\$335
Member	\$273

The remuneration policy for committee meetings for board members and non-board members is as follows:

Committee Meetings:

Committee Chair	\$273
Committee Member	\$212
Director under the TIA	\$ 10,000/annum (where Director is not an employee)
Deputy Director	\$ 5,000/annum (where Deputy Director is not an employee)

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the estab-

lished per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates have been approved. The Remuneration Policy also allows board members spending over 2 hours in total for travel time to and from TICO, for the purpose of attending to TICO business, to receive the current per diem rate plus 50% of the per diem rate.

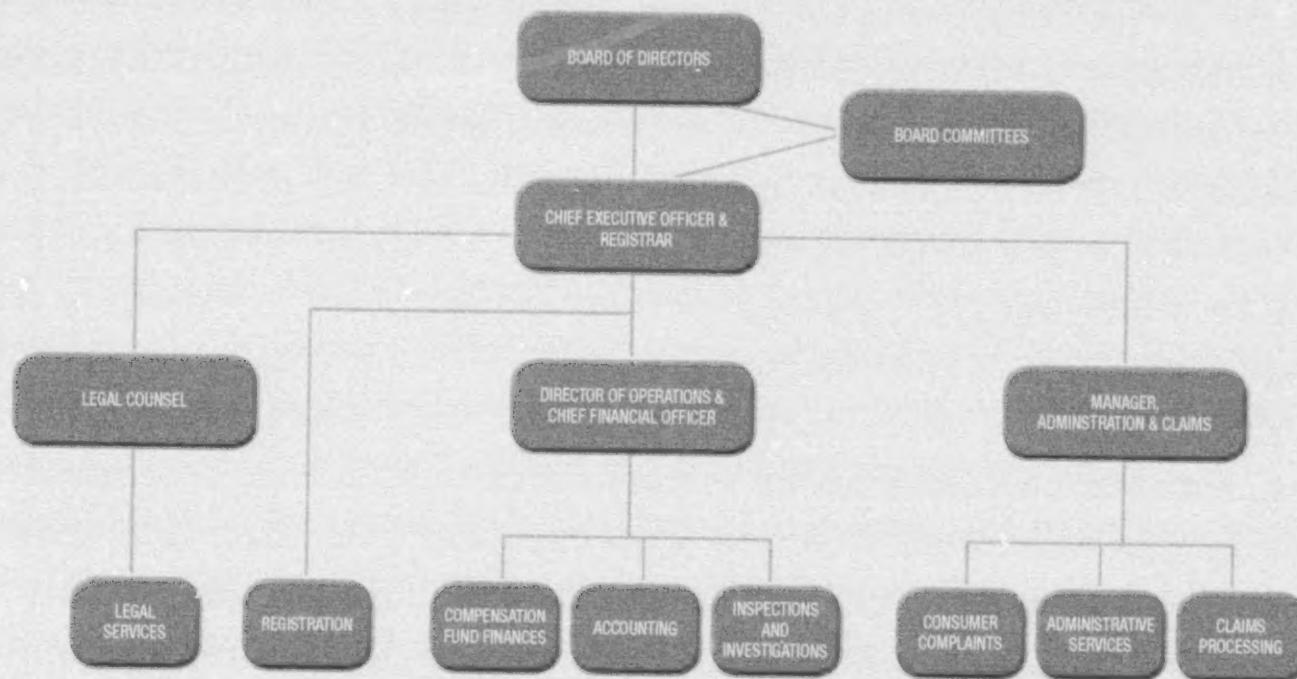
TICO Structure

Organization

The Travel Industry Council of Ontario (TICO) is a not-for-profit corporation financed through fees from its approximately 2,500 Ontario travel retail and

wholesale registrants. The Ministry of Consumer and Commercial Relations delegated responsibility for the administration to TICO in June 1997. The Act governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund. The Ministry of Consumer Services is responsible for the *Travel Industry Act, 2002* (the Act) and Ontario Regulation 26/05 (the Regulation).

Following a regulation change in June 1998, TICO assumed direct responsibility for the Ontario Travel Industry Compensation Fund (the Fund) from the Ontario Travel Industry Compensation Fund Corporation (OTICFC). The OTICFC was subsequently dissolved on August 28, 1998.





Travel Industry Compensation Fund

Background on the Ontario Industry Travel Compensation Fund

In 1975, the Government of Ontario passed the *Travel Industry Act*. This legislation provides the legal basis for the Compensation Fund and ensures that every registered travel business in Ontario participates in the Fund. Section 50 of Part III of the current Regulation (O. Reg. 26/05) enacted pursuant to the *Travel Industry Act*, 2002 states: "Every registrant shall participate in the Fund."

Management of the Compensation Fund

The Regulation relating to the Compensation Fund sets forth in detail the operation and management of the Fund.

Section 52 of Ontario Regulation 26/05 provides that the affairs of the Compensation Fund shall be administered and managed by the TICO Board of Directors.

Section 52(2) of Ontario Regulation 26/05 requires that TICO shall hold all money in the Fund in trust for the benefit of claimants whose claims for compensation the Board of Directors approves in accordance with this Regulation.

Section 73 of Ontario Regulation 26/05 allows the costs of administering the Compensation Fund to be paid from the Fund.

Fund Financing

The Compensation Fund is totally financed by Ontario registrants. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay a greater of \$25 or 5¢ per \$1,000 of sales, both on a semi-annual self assessment basis. These payments are to be filed with TICO within 90 days after the end of each fiscal half year.

Surplus Funds

The Corporation may invest any funds of the Compensation Fund, which are surplus to the immediate requirements of TICO in property in accordance with the Trustee Act.

Claims

The Compensation Fund reimburses customers of registered travel agents for eligible claims arising from the bankruptcy or insolvency of an Ontario registrant or arising from the failure of an end supplier airline or cruise line. The Board of Directors determines whether a claim or a part of one meets the requirements of the Regulation and determines the eligible amount of the claim. Claims must be submitted in writing to the Board within six months after the relevant registrant or end supplier becomes bankrupt or insolvent or ceases to carry on business. The maximum payout for claims arising out of an event is \$5 million in total. The maximum payout per person is \$5,000.

Effective July 1, 2010, claims may be filed against the Compensation Fund to provide the reimbursement of reasonable expenses incurred (transportation, accommodation and meals) to complete a trip where the travel services have not been provided as the result of the closure of a TICO registered travel retailer or a TICO registered travel wholesaler. Provided that the consumer purchased their original travel services from an Ontario registered travel retailer, trip completion claims may be eligible when the consumer's travel services commenced prior to the failure of the TICO registrant and the consumer is in destination and unable to receive the travel services purchased to complete their travel plans.

The Director under the *Travel Industry Act, 2002* may direct payment out of the Fund of up to an additional \$2 million where immediate funds and facilities are necessary for the repatriation and accommodation of customers of registrants who are outside of Ontario. When customers of registrants are preparing for immediate departure and have been placed in circumstances

where funds are required to alleviate suffering or to protect the interests of the Fund, the Board, with the approval of the Director, may pay out of the Fund an amount sufficient to enable such departure, up to a maximum of \$5,000 per person.

Appeal of Decisions

Claimants are entitled to appeal a decision of the Board of Directors to the Licence Appeal Tribunal. Decisions of the Tribunal may be further appealed to the Divisional Court of Ontario.

Financial Inspections

TICO operates a risk management programme, which includes financial inspections of registrants carried out under the direction and control of the Registrar, *Travel Industry Act, 2002*. The objective of the programme is to identify as early as possible any registrants at financial risk and to work with these registrants to ensure compliance with the Act and Regulation. Through early identification of registrants at financial risk, TICO attempts to minimize potential claims against the Compensation Fund and disruption to consumer travel. The programme consists of an annual review of the financial statements of all registrants, a more frequent review of the financial statements of larger registrants and site inspections. The programme is proactive as TICO visits all new registrants to ensure their understanding of the Act and Regulation and compliance requirements.



TICO Committees

Executive Committee (Chair: Michael Janigan)

- Manage emergency issues on an ad hoc basis.
- Interim support for CEO between board meetings.
- Review of large registrant closures.
- Make recommendations regarding composition and chairmanship of board committees.
- Participate in crisis management or incident management as required in accordance with the Communications for Major Issues Policy.
- In the event of a significant disruption of TICO's business operations, participating in implementation of the Business Continuity Plan.
- Conduct an annual review of the TICO Employee Code of Ethics.
- Oversee development and conduct an annual review of TICO's Business Continuity Plan.

Audit Committee (Chair: Jeff Element)

- Review internal controls operating throughout TICO.
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.
- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.
- Periodically, review TICO's investment firms and their fees.
- Review the investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.

- Review and provide advice with respect to the budget prior to presentation to the Board.
- Review insurance coverage annually.

Business Strategy Committee (Chair: Scott Stewart)

- Produce TICO's Business Plan and monitor performance measures.
- Refer issues for legislative and regulatory review.
- Planning of TICO's Consumer Awareness Campaign.
- Review and keep current TICO's policies with respect to privacy issues.
- Develop a plan to assess TICO's operational effectiveness and report findings.
- Explore alternate sources of revenue for TICO.

Complaints Committee (Chair: Maria Mendes)

- Review and resolve, as appropriate, complaints against TICO.
- Provide fair, transparent and accountable procedures for handling registrant and consumer complaints against TICO.
- Develop standards for handling complaints.
- Make recommendations with respect to TICO's complaint handling procedures.
- Review trends of complaints to determine if recommendations can be made to address the cause of complaints.

Compensation Fund Committee (Chair: Patricia Jensen)

- Review and recommend to the Board the payment of claims in accordance with Ontario Regulation 26/05.
- Review and monitor the status of appeals to the Licence Appeal Tribunal regarding denied claims.
- Develop and recommend administrative policies to the Board regarding the administration of the Fund.
- Review and recommend recovery procedures to offset the cost of claims.

E-Commerce Committee (Chair: Thanushka Nanayakkara)

- Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.
- Identify areas where consumers may not be protected when they purchase travel services online and provide options as to how TICO may address these issues.
- Consider privacy issues in respect of e-commerce.
- Identify any challenges posed by regulating the sale of travel services in an e-commerce environment and provide any potential solutions.
- Recommend legislative and regulatory changes in relation to e-commerce.
- Liaise with provincial counterparts and federal authorities on emerging e-commerce issues and the development of a standard.
- Play a role in educating the Board and TICO stakeholders about e-commerce issues including the development of informational literature.

Education Standards Committee (Chair: Mike Foster)

- Determine the curriculum for the *Travel Industry Act, 2002* Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the education standards curriculum at each level.
- Oversee exam development and testing.
- Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.
- Consider equivalency options for Education Standards.
- Develop a communications plan for the delivery of Education Standards.
- Devise a plan to enforce the standards.
- Ensure the *Travel Industry Act, 2002* Education Standards are updated on a regular basis.
- Explore the feasibility of other educational initiatives.

Legislative & Regulatory Review Committee (Chair: Jill Wykes)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
 - Consulting with Ministry of Consumer Services on policy and legal issues
 - Securing and managing stakeholder input
 - Working with the Ministry of Consumer Services to move the recommendations forward through the legislative process

Governance Committee (Chair: Richard Vanderlubbe)

The Governance Committee is responsible for:

- Governance Model and Policies
- Board Composition - Member Recruitment and Retention
- Board Education and Development
- Board Evaluation

Alternate Finance Committee (Chair: Jeff Element)

- Assess the level the Fund should be maintained at to ensure adequate protection for consumers.
- Review who should be contributing to the Fund.
- Determine a fair and workable method to assess contributions to the Fund.
- Explore whether there should be higher financial requirements for entry to the industry.
- Identify potential models for compensation by examining different models from other jurisdictions.
- Conduct a comparative analysis of potential models against Ontario's current system.
- Identify best practices from the various models analyzed.
- Identify key areas of risk in registrant business practices.
- Consider steps that could be taken to reduce those risks.

Consumer Advisory Committee (Chair: Michael Pepper)

- To provide the President/CEO with observations, advice and recommendations with respect to consumer issues.
- To monitor general trends vis-à-vis consumer complaints.
- To gather information on programs employed by other professions that are intended to increase consumer protection.
- To develop recommendations that will enhance consumer confidence and protection.
- To gather and exchange information on issues of interest and importance to consumers.
- To gather information on programs and/or implementation strategies for programs that will advance consumer protection.



Business Accomplishments 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
Propose enhancements to the consumer protection provided by the Compensation Fund.	Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants	Obtain feedback from stakeholders on the Compensation Fund coverage and any gaps in consumer protection. Utilize stakeholder feedback to develop a proposal to expand the coverage provided by the Compensation Fund. Submit a proposal to the Ministry to address the gaps in the current consumer protection.	Held four town hall meetings in April & May of 2010 to obtain feedback from stakeholders with respect to alternate financing of the Compensation Fund. Feedback from town hall meetings in April & May of 2010 reviewed by the Alternate Finance Committee and TICO Board of Directors. Alternate Finance Committee completed a review of the consumer pay Compensation Fund in Quebec (Le Fonds d'indemnisation des clients des agents de voyages). An outline of possible enhancements for added consumer protection if an Ontario consumer pay Compensation Fund scheme was developed. Hired a firm to conduct consumer research regarding a possible consumer pay protection scheme. Development of proposal underway.
Ensure that TICO's Financial Inspection Program provides better protection to consumers through financial inspections and monitoring.	Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.	Identify registrants with working capital deficiencies which resulted in inspections, proposals and terminations. Identify registrants who failed to file financial statements on time which resulted in inspections, proposals and terminations.	292 files were opened between April 1, 2010 and March 31, 2011 for Registrants with working capital deficiencies. Of those 292 files: 168 resulted in site inspections 20 Proposals 19 Registrants voluntarily terminated 4 Registrants were revoked 1,954 financial statements were due to be received between April 1, 2010 and March 31, 2011. Of those 1,954 financial statements: 836 financial statements were not filed on time. 70 Registrations voluntarily terminated or lapsed 30 Proposals issued 9 revocations

Business Accomplishments 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
		Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that resulted in claims on the Compensation Fund.	1 Registrant with a working capital deficiency resulted in claims. 1 Registrant deficient in filing its financial statement resulted in claims. 0.34% of Registrants with working capital files opened between April 1, 2010 and March 31, 2011 resulted in claims against the Compensation Fund. 0.12% of Registrants who filed their financial statements late between April 1, 2010 and March 31, 2011 resulted in claims against the Compensation Fund.
Review and recommend changes to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05.	Enhance the effectiveness of the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.	Review Regulation to determine where changes would be beneficial. Meet with industry and government representatives with respect to proposed changes to the Regulation. Consult with stakeholders on proposed changes. Review feedback received from consultation process and submit proposed changes to the Ministry.	Continued to review the Act and Regulation to ascertain where changes may be beneficial to address emerging issues. Continued to work with the Ministry on various issues that are still under consideration by the government. TICO worked with Ministry to finalize and implement the amendments to Ontario Regulation 26/05 which became effective July 1, 2010. The Ministry's consultation with respect to these changes was completed in December of 2009. An Explanatory Paper on the Changes to the Regulation was prepared and distributed in June of 2010 to stakeholders. New legislation implemented included development of trip completion claim forms, enhancements made to TICO's claims database and reporting systems as well as updates to TICO's website and consumer trade show materials. <i>Open for Business Act, 2010</i>, and the <i>Good Government Act, 2010</i>, which received royal assent during the year made several amendments to the <i>Travel Industry Act, 2002</i>. Further details on all the changes to the Act and the Regulation may be found on page 33.
Review the business model of how travel services are being sold.	Ensure the Ontario <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.	Obtain feedback from stakeholders with respect to changes to the business model such as the Internet, home-based/outside sales representatives and the consolidation of the industry.	Held four town hall meetings in April & May 2010 to obtain feedback from stakeholders on the issue of registering individuals.

Business Accomplishments 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
		Assess whether any gaps in consumer protection exists as a result of the review of the business model. Determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes. Make recommendations to ensure appropriate consumer protection measures are in place.	Feedback from town hall meetings reviewed by TICO Board. The TICO Board continues to review the issue.
TICO's Consumer Awareness Campaign ensures consumers are aware of the existence of TICO and have an understanding of the roles that it performs.	Increase consumer awareness of TICO and the understanding of the roles that TICO performs by 5%	Identify the number of consumers surveyed who have indicated an awareness of TICO. Identify the number of consumers surveyed who have indicated an understanding of the roles that TICO performs. Identify the number of consumers surveyed who have indicated that they are aware that they have to book their travel services with an Ontario registered travel agency to be protected by TICO	Consumer awareness of TICO increased by 5%. 30% of consumers surveyed indicated an awareness of TICO in 2010/11 compared to 25% in the previous year. Overall, understanding of TICO's roles increased by approximately 5%. 57% of consumers surveyed understood that TICO assists with complaints against TICO registrants, compared to 48% in the previous year. 37% of consumers understood that TICO provides refunds to consumers who do not receive the travel services for which they paid, compared to 32% in the previous year. - A total of 76% of respondents identified at least one role correctly compared to 74% in 2010. 70% of consumers surveyed indicated that they were aware that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund, compared to 69% in the previous year. TICO website re-designed and optimized to improve the navigation and the organization of information.

Business Accomplishments 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
		Identify the number of consumers surveyed who have indicated that they are aware that they have to book their travel services with an Ontario registered travel agency to be protected by TICO. (continued)	Produced a 4 minute video which included various industry leaders promoting the benefits to TICO registrants of using the TICO Logo and incorporating TICO's Consumer Awareness Campaign messaging in all their touch points with consumers. TICO participated at nine consumer and industry trade shows, including the Travel and Leisure Show, Ski & Travel Show and the Women's Show, to promote consumer awareness as to the benefits of purchasing travel services from Ontario registrants. Conducted 18 media interviews promoting knowledge and awareness of TICO. Further details on the Consumer Awareness Campaign may be found on page 31.
Review TICO Board Composition	Determine registrant views on the current composition of the TICO Board of Directors	Analyze survey results to determine registrant views on Board composition. Hold town hall meetings to obtain registrant feedback on Board composition. Review all feedback to determine whether any changes are required to the Board composition.	Governance Committee and TICO Board reviewed survey results which was conducted in December of 2009 and January of 2010 from industry members on Board composition and posted results on TICO website. TICO Board used feedback to determine next steps. Held four town hall meetings in April & May 2010 to obtain feedback from stakeholders on the issue of Board composition. Governance Committee and TICO Board considered feedback from stakeholders. Governance Committee and TICO Board extended its review to include TICO's election process. Board decided not to make any changes to the current Board composition. The Board reviewed TICO's election process and decided not to make any changes. The Board communicated its decision on the Board composition and the election process to stakeholders in an Industry Advisory on March 31, 2011.

Continuing Business Objectives 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	CONTINUING PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
Maintain and Improve Operational Efficiency	Ensure TICO operations are efficient and cost effective to meet the needs of all stakeholders.	Review the TICO asset and the registration and renewal fees to ensure that adequate funding exists.	TICO asset was reviewed to ensure adequate funding exists. Based on its review, the Board developed a proposal to amend the registration and renewal fees.
		Review Compensation Fund level to ensure that adequate funding exists.	The Compensation Fund level was reviewed to ensure adequate funding. The review of the Compensation Fund level is ongoing.
		Maintain and monitor performance of TICO Education Standards Programme including ongoing compliance and updating of content of the Study Manual and exam questions.	Continued to monitor the performance of the TICO Education Standards Programme including ongoing compliance, maintaining statistics and updating content of the Study Manual and exam questions when required. During the fiscal year a total of 5,277 exams were written as follows: • 4,640 travel agents had written the Travel Counsellor Exam. • 288 travel agents had written the Supervisor/Manager Exam. • 349 individuals had written the combined Travel Counsellor and Supervisor/Manager Exam.
		Review TICO's procedures and make amendments to policies.	Review of the One Step Travel Report and the Conquest Vacations Report resulted in changes to policies and procedures. These changes were implemented during the year. Occupational Health & Safety Act policies developed and implemented including the Workplace Violence Policy and the Workplace Harassment Policy. TICO Personnel Manual was reviewed and updated.
		Efficient and timely processing and approval of claims resulting from Registrant closures.	During the fiscal year, TICO assisted 208 consumers and paid out \$218,597 in claims from the Compensation Fund. Distributed 109 Claim Surveys to consumers to assess TICO's operational effectiveness in the area of claims processing. Information on the results of the surveys may be found on page 29.
		Efficient and timely processing of consumer complaints.	During the fiscal year, TICO processed 232 complaints and assisted consumers in receiving \$57,205 in restitution.

Continuing Business Objectives 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	CONTINUING PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
		Efficient and timely processing of consumer complaints (continued)	Distributed 232 Complaint Surveys to consumers to assess TICO's operational effectiveness in the area of complaint handling. Information on the results of the surveys may be found on page 22.
		Ensure that compliance process procedures are efficient and timely.	During the fiscal year, a total of 414 compliance files were opened and 482 files were closed.
		Review TICO's Internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster.	TICO Disaster Plan developed. TICO Business Continuity Plan is currently under development. Business Continuity Management Policy developed.
		Meet the terms of the Administrative Agreement.	Met the terms of the Administrative Agreement by maintaining operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry. Participated in ongoing negotiations with the Ministry of Consumer Services with respect to the terms for a new Administrative Agreement with the Ministry.
		Ensure that TICO is environmentally conscientious in its operations.	TICO continued to participate in an office waste and recycling program as well as other various recycling programs which include all paper, glass, metal, plastic, printer toner cartridges, batteries, PC's and monitors. Completed a Board Evaluation Survey in relation to governance in March of 2011.
Communications and Government Liaison	Maintain good communications with stakeholders and government.	Maintain and regularly update TICO's website.	TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included communication items such as FAQ's on Education Standards, press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Report and other information items. Enhanced information for consumers on how to file a claim against the Compensation Fund. Maintained and updated TICO's online Registration Tool Kit for all registrants as a resource for all TICO downloadable forms, guidelines and legislation.

Continuing Business Objectives 2010/2011

BUSINESS PLAN OBJECTIVES	BUSINESS PLAN GOALS	CONTINUING PERFORMANCE MEASURES 2010/2011	ACTIVITIES & ACCOMPLISHMENTS
		Distribute TICO Talk quarterly newsletter to Registrants, develop and distribute informational literature on various topics and distribute Industry Advisories and Registrar Bulletins to all stakeholders on significant and timely issues.	Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants. Continued to provide industry with information on timely and important industry issues via press releases, Industry and Consumer Advisories, Registrar Bulletins, TICO Talk newsletter and by conducting various trade and mainstream media interviews.
		Continue to liaise with Ministry on issues that are sensitive to government and issues which require TICO's input.	TICO continued to liaise with the Ministry of Consumer Services on issues that require TICO's input and participated in regular liaison meetings. Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information. Submitted performance measures to the Ministry of Consumer Services on a quarterly basis. Further details may be found on page 21. Worked with the Ministry to develop future scorecard performance measures.
		Continue to communicate and restate TICO's Voluntary Code of Ethics to all Registrants.	Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.
		Make available the Annual Report and Business Plan to all stakeholders.	Distributed and made available on TICO website TICO's Annual Report & Business Plan for 2010-2013 to all stakeholders in September of 2010.

Operational Performance Review

Registration

On March 31, 2011, there were a total of 2,501 registrations with TICO (Fig. 1). Of these, 85% (2,135) are retail travel agencies, who sell travel services directly to consumers and 15% (366) are travel wholesalers, who sell travel services through travel retailers.

In 2010/2011 there were a total of 207 terminations. Since 2008, there has been a steady decline in registrations, which is not unexpected, due to economic factors and consolidation in the industry (Fig. 2). A total of 2,399 registrations were processed under the *Travel Industry Act, 2002* in 2010/2011, which included 168 new registrations (Fig. 3) and 2,231 renewals (Fig. 4). Registrations are renewed annually.

Complaint Handling Process

TICO receives numerous telephone and email enquiries on a daily basis including those from consumers, registrants, applicants, government and industry stakeholders. TICO staff provides information with respect to consumer and business complaints, registration processes and acceptable business practices.

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the regis-

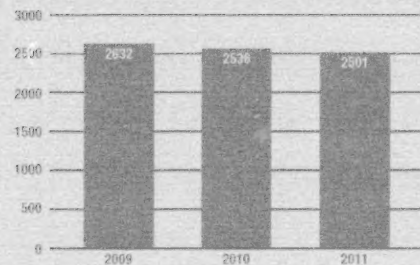


Figure 1: Total Registrations under the Act

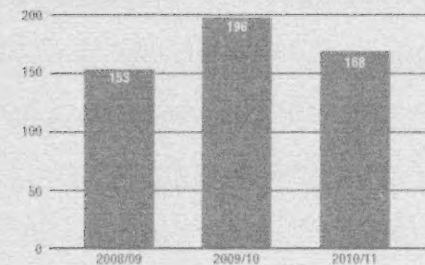


Figure 3: Total New Applications Processed

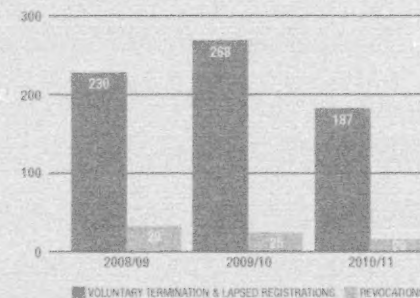


Figure 2: Total Voluntary Termination / Lapsed Registrations vs. Revocations

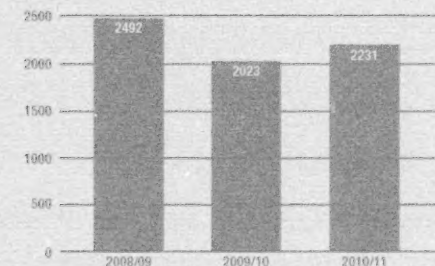


Figure 4: Total Renewal Applications Processed

trant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute,

or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint

involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. If such is the case, this will be dealt with separately from assisting with resolution of the complaint. When a mutual solution is not reached, complainants are provided with information regarding options to pursue matters.

When TICO receives a complaint it may be resolved in anywhere from a few hours over the telephone or a few weeks to a few months for a formal written complaint. The length of time varies depending on the complexity of the issues, the availability of feedback and documentation required, and the level of cooperation of those involved.

Registrant-to-registrant disputes have not been handled traditionally by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

Complaints Committee

Consumers and registrants with complaints about TICO's activities are invited to contact the Complaints Committee of the Board of Directors. The Complaints Committee's mandate is to review and resolve, as appropriate, complaints against TICO, which are based on dissatisfaction with the quality and fairness of its services to registrants and consumers. The Committee also makes any recommendations with respect

to TICO's complaint handling procedures that may arise from reviews of particular complaints. The Committee is composed of representatives of various stakeholders. During the 2010/2011 fiscal period, there was one complaint received against TICO.

Appeals against the Registrar's administrative decisions may proceed, as appropriate, to the Licence Appeal Tribunal. Complaints may be submitted to TICO by telephone, fax, mail or e-mail.

Complaints

TICO handled 232 written consumer complaints in 2010/11 compared to 234 in the previous year (Fig. 5). In processing these complaints, TICO successfully assisted consumers in obtaining \$57,205 in restitution compared to \$54,816 the

previous year. In addition, TICO handled 1,686 telephone complaint inquiries and 459 email complaint inquiries.

The most frequent types of written complaints received at TICO in 2010/2011 were:

1. Incomplete or incorrect information provided to the consumer by the registrant. (e.g. information regarding the travel product or services being sold.)
2. Invoicing issues. (e.g. not complete with required information or not provided to consumer.)
3. Cancellation/Flight Delay
4. Outstanding refunds.
5. Price disputes.
6. Disclosure of Terms & Conditions of Reservation
7. Incorrect ticketing/ticketing errors.
8. Information / Documentation. Issues related to travelling with passports and other travel documents.
9. Accommodation purchased by the consumer changed and not provided in destination.
10. Customer service issues.

Consumer Survey Results – Complaints Process

During the fiscal year 2010/11, TICO distributed consumer surveys to 232 consumers who filed

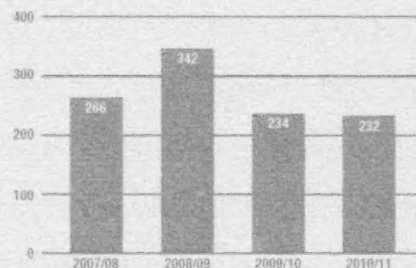


Figure 5: Written Complaints Handled

complaints against registrants with TICO inviting feedback as to their experience with TICO's complaint's process. At the end of March 2011, there were 14 completed surveys returned to TICO.

The results of the 14 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO's handling of their complaint, 8 consumers advised they were satisfied, 5 consumers were dissatisfied and 1 consumer was neutral in their opinion.

When asked to rate their satisfaction with the fairness of the process, 5 were satisfied; 8 were dissatisfied and 1 consumer was neutral in their opinion.

TICO reviewed the survey results and established that some of the consumers who expressed dissatisfaction had filed a complaint which contained issues that are not covered by the legislation and therefore were outside the scope of TICO.

As such, TICO was unable to assist them.

In other cases, TICO was able to identify areas of a possible contravention(s) of the Act and/or Regulation on behalf of the registrant(s) involved. These issues were referred to TICO's Compliance Department for further review. As a result, TICO requires registrants to initiate corrective measures in an effort to prevent similar situations from affecting

future travellers. However, such referrals are not directed at obtaining compensation for specific complaints. It should be noted that TICO does not have the authority to settle a dispute, or to impose a settlement.

Some consumers expressed dissatisfaction with TICO not having the authority to settle a dispute, or to impose a settlement in complaint matters.

The survey results also indicated that 2 consumers were dissatisfied with the complaint turnaround times, 2 consumers were neutral and 10 consumers were satisfied. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants which could result in further information being required from suppliers or other third parties.

Financial Inspections

Under the direction of the Registrar, the TICO is responsible for conducting a financial inspection programme. All registrant financial statements are subject to a bench review to ensure compliance with the financial standards required by Regulation. The bench review process produces information, which may determine those registrants that should receive financial site inspections. During the fiscal period 2010/2011, TICO completed 1,787 bench reviews (Fig. 6) and completed 566 financial site inspections compared to 688 in the prior year. (Fig.7).

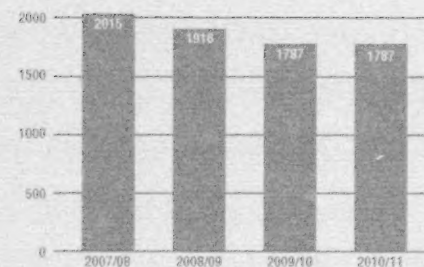


Figure 6: Total Financial Bench Reviews

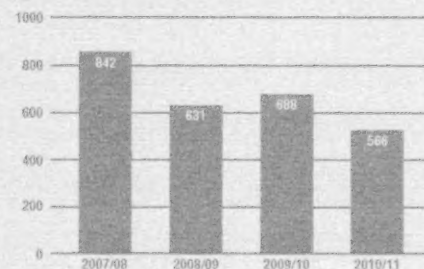


Figure 7: Financial Site Inspections

Non - Financial Inspections

TICO performed 40 compliance site inspections during the 2010/2011 fiscal year compared to 45 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2010/2011, a total of 65 warnings for operating without registration were

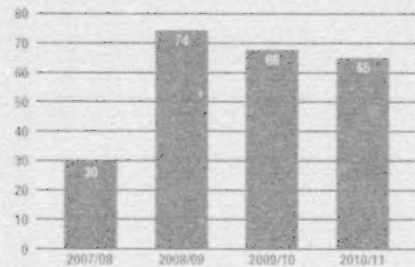


Figure 8: Total Warnings Issued for Operating without Registration

issued compared to 68 in the previous year (Fig. 8) and 110 advertising warnings were issued to registrants and/or individuals who appeared to be carrying on business in contravention of the Act and Regulation compared to 49 in the previous year (Fig. 9). In addition, 65 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/or receipts in accor-

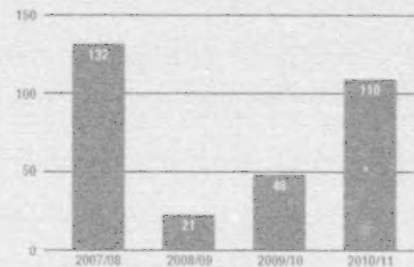


Figure 9: Total Warnings Issued for Advertising Infractions

dance with the Regulation. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims. In addition, 2 warnings were issued during the fiscal year in relation to meeting the legislated Education Standards which came into effect on July 1, 2009, compared to 37 in the previous year.

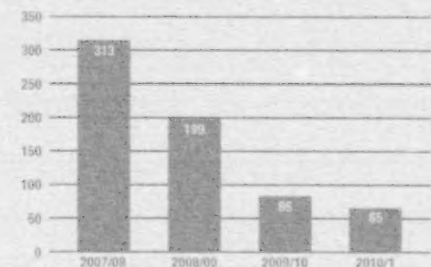


Figure 10: Total Warnings Issued for Invoicing Infractions

Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2011 the assets held for the Compensation Fund were \$25,343,409.

Claims and Repatriation

Claims paid during the fiscal year ended March 31, 2011 compared to the previous year ended March 31, 2010 were as follows:

	2010/11	2009/10
Number of claims paid	97	437
Number of consumers assisted	208	4,978
Claims paid - Registrant failure	\$ 106,820	\$ 810,333
Claims paid - End supplier failure	\$ 89,303	\$ 13,304
Total Claims paid	\$ 196,123	\$ 823,637
Repatriation / Trip Completion	\$ 22,474	\$ 2,189,582
Less recoveries	\$ (38,207)	\$ (93,327)
Net claims paid	<u>\$ 180,390</u>	<u>\$ 2,919,892</u>

Repatriation/Trip Completion

Trip Completion costs paid to assist consumers during the fiscal year ended March 31, 2011 resulted from the failures of Conquest Vacations Inc. and Sunrise International Travels Inc. The breakdown is as follows:

	No. of Consumers Assisted	Repatriation Cost
Conquest Vacations Inc.	34	\$ 16,709
Sunrise International Travels Inc.	14	\$ 5,765
Total	48	\$ 22,474



Closures in 2010/11 Resulting in Significant Claims Paid

Cruise West

(Cruise Line based out of Seattle, Washington)

On September 18, 2010, Cruise West, an end supplier cruise line based out of Seattle, Washington ceased operations. Consumers who purchased Cruise West travel services through an Ontario registered travel agency and who did not receive their travel services were eligible to make a claim against the Compensation Fund. During the year ended March 31, 2011, a total of \$69,303 was paid out of the Compensation Fund, assisting 15 consumers.

Prime Travel and Tours Inc.

o/a Prime Travel and Tours Inc.

Prime Travel and Tours Inc. registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked on November 1, 2010. Prime Travel and Tours sold mainly air only to various destinations. During the year ended March 31, 2011, a total of \$25,405 was paid out of the Compensation Fund, assisting 11 consumers.

Other Closures

The following entities ceased operations in previous years and resulted in claims paid during the 2010/11 fiscal year.

Hebridean International Cruises

(Cruise Line based out of Skipton, United Kingdom)

On April 8, 2009, Hebridean International Cruises, an end supplier cruise line based out of Skipton, United Kingdom ceased operations. Consumers who purchased Hebridean International Cruises travel services through an Ontario registered travel agency and who did not receive their travel services were eligible to make a claim against the Compensation Fund.

During the year ended March 31, 2011, a total of \$20,000 was paid out of the Compensation Fund, assisting 5 consumers.

Conquest Vacations Inc.

o/a Conquest Vacations Inc.

On April 15, 2009, Conquest Vacations Inc voluntarily terminated its registration to operate as a travel wholesaler under the Ontario *Travel Industry Act, 2002*. Conquest Vacations Inc. sold mainly air and packaged holidays to various destinations. During the year ended March 31, 2011, a total of \$25,620 was paid out of the Compensation Fund, assisting 55 consumers. The total amount paid includes the cost for trip completion to assist 34 consumers stranded in destination at the time of the closure and who incurred expenses to complete their travel plans. To date, a total of \$1,901,844 has been paid out of the Compensation Fund, assisting 3,788 consumers.

Sunrise International Travels Inc.

o/a Sunrise International Travels Inc.

On December 18, 2009, Sunrise International Travels Inc. voluntarily terminated its registration to operate as a travel retailer and as a travel wholesaler under the Ontario *Travel Industry Act, 2002*. Sunrise International Travels Inc. sold mainly air only to various destinations. During the year ended March 31, 2011, a total of \$50,458 was paid out of the Compensation Fund, assisting 98 consumers. The total amount paid includes the cost for trip completion claims to assist 14 consumers stranded in destination at the time of the closure and who incurred expenses to complete their travel plans. To date, a total of \$1,018,971 has been paid out of the Compensation Fund, assisting 1,207 consumers.

REGISTRANTS	CLAIMS PAID 2010/11 \$	RECOVERIES 2010/11 \$	CLAIMS PAID 2009/10 \$	RECOVERIES 2009/10 \$
Aero Canadian Tour & Travel Inc (R)		1,100	—	250
Affordable Cruises (R)	9,376	—	—	—
Air ExpressTravel Inc. (R) (W)	—	—	1,435	—
Airtour Canada Ltd. (R)(W)	—	—	5,290	—
AlvesTravel Inc (R)	—	—	—	1,600
Amrals Travel Canada Ltd (R)	—	2,500	—	4,750
Caravan 4U Travel Inc. (R)	—	—	50,240	—
Ceylon Tours & Travel Inc (R)	—	—	—	8,537
College Travel Centre / Skyways Int'l (R)(W)	—	5,500	47,409	—
Conquest Vacations (W)	25,620	560	1,873,793	18,498
Cosmopolitan Travel (R)	9,621	—	—	—
Cruise Holidays of Brockville (R)	—	14,000	—	11,000
Cruise West *	69,333	—	—	—
Ellas Travel (R)	—	—	—	7,245
Hebridean International Cruises *	20,000	—	—	—
Hillcrest Tour Group (W)	—	—	—	10,000
Jerry Caplan Travel (R)	—	—	1,300	—
Jetsgo *	—	—	—	17,343
Jubilee Travel and Tours (R)	1,120	1,120	—	—
Lifedream Travel & Tours Inc (R)	918	—	1,775	—
Macsha Travels & Tours (R)	—	—	—	8,585
Moonlight Travel (R)	2,275	—	14,175	—
Multi Travel & Tours (R)	—	—	1,400	—
Nugget Travel & Tours Inc. (R)	—	—	5,477	—
Premier Holidays (R) (W)	—	10,171	—	—
Prime Travel and Tours (R)	25,406	—	7,265	—
P & T Travel and Services Inc. (R)	—	—	3,360	3,360
Star Travel & Cruise Ltd. (R)	—	862	862	—
Sunrise International Travels Inc. (R) (W)	50,458	1,074	968,513	839
The Travel Hut (R)	—	—	2,625	—
Travelpack Marketing (R) (W)	—	1,320	—	1,320
Uniglobe Discover Travel (R)	4,500	—	—	—
Worldclass Travel Services (R)	—	—	14,996	—
Zoom Airlines *	—	—	13,304	—
TOTAL CLAIMS PAID (GROSS)	\$ 218,597	\$ 38,207	\$ 3,013,219	\$ 93,327

SUMMARY OF CLOSURES RESULTING IN CLAIMS AGAINST THE COMPENSATION FUND AND CORRESPONDING RECOVERIES

(R) = Retailer

(W) = Wholesaler

(*) = Non-registrant End Supplier (Airline or Cruise line)

Note: Recoveries listed may relate to claims paid out in previous years.

Figure 11 illustrates the total claims paid by the Fund over the last four years. During the fiscal period 2010/11, there was a significant decrease in the total claims paid out of the Compensation Fund compared to the previous year. The total claims paid during 2010/11 totalled \$218,597 compared to \$3,013,219 the previous year. Recoveries received by TICO in 2010/2011 were \$38,207 compared to \$93,327 recovered in 2009/2010.

Figure 12 provides a comparison of the total claims paid out of the Compensation Fund as a result of a TICO registrant closures and claims paid as a result of end supplier (airline or cruise line) failures. During the 2010/2011 fiscal year there was an increase of claims paid out of the Fund as a result of end supplier (airline or cruise line) failures compared to the prior year. During the fiscal period 2010/11, a total of \$89,303 claims were paid as a result of end supplier failures compared to \$13,304 in the previous year.

Contributions to the Fund from registrants (Fig. 13) have increased by \$47,849 in 2010/2011 compared to the previous year. This is as a result of an increase in gross sales by registrants.

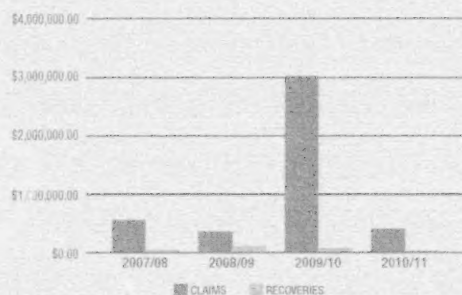


Figure 11: Total Claims paid and Recoveries to the Fund

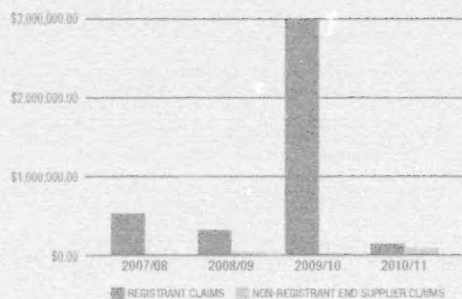


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

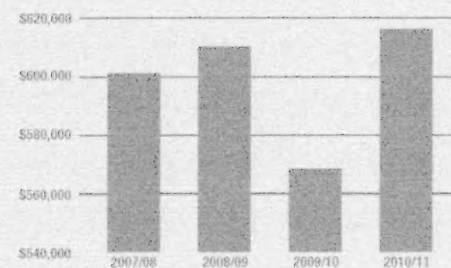


Figure 13: Contributions to the Fund

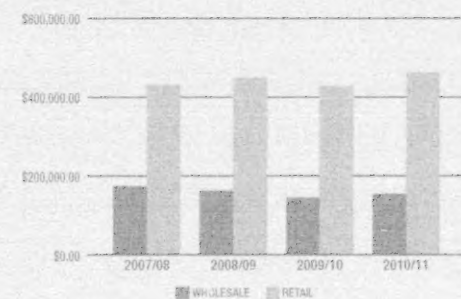


Figure 14: Contributions on the Fund - Retail vs Wholesale

Consumer Survey Results – Claims Process

During the fiscal year 2010/11, TICO distributed consumer surveys to 109 consumers who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2011, a total of 3 completed surveys were returned to TICO.

The results of the completed surveys received were as follows:

When asked to rate overall satisfaction with TICO's handling of their claim, and the fairness of the process, 3 consumers indicated that they were satisfied with the handling of their claim and with the fairness of the process.

The survey results also indicated that the 3 respondents were satisfied with the length of time taken to process their claim.

Legal Matters

Claims

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. During the period ended March 31, 2011, LAT held one hearing. LAT overruled the decision of the Board to disallow the claim and a payment in the amount of \$917.75 was paid to the claimant from the Compensation Fund.

Investigations and Prosecutions

TICO initiates and conducts investigations when it becomes apparent that there may have been a breach of the legislation which can result in charges being laid under the statute. Investigations conducted in 2010/2011 have resulted in the following prosecutions:

Omkar Sharma was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the *Ontario Travel Industry Act, 2002 (Act)*. Mr. Sharma was fined \$1,000 and sentenced to a 1 year period of probation where he cannot be employed in the travel industry in

any capacity without written permission from the Registrar under the Act.

Mary Nagy and Abbey Travel Service Limited were convicted on two counts each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Abbey Travel Service Limited was previously registered under the Act. The registration was terminated in June 2007, however the company continued to operate. Mary Nagy was fined \$500 and sentenced to a 1 year period of probation to perform 20 hours of community service. Abbey Travel Service Limited received a suspended sentence.

The Conviction against David Thomas Gray o/a All Sport Accommodations under the Act was upheld by the Court of Appeal for Ontario. In a decision dated July 22, 2010, the Court of Appeal for Ontario upheld Justice Pockele's decision to convict David Thomas Gray o/a All Sport Accommodations for operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Mr. Gray's company, All Sport Accommodations, books



hotel accommodations for sports teams. The Court of Appeal for Ontario found that Mr. Gray and his company sells services to consumers as an agent and is required to be registered as a travel agent under the Act. In October 2008, Justice of the Peace P. Hodgins, Provincial Offences Court, acquitted Mr. Gray of the charge of acting as a travel agent without registration. TICO appealed the decision and on July 30, 2009, Justice Pockele of the Ontario Court of Justice, overturned the decision of JP Hodgins and convicted Mr. Gray on the charge of operating as a travel agent without registration. On September 9, 2009, Mr. Gray was fined \$500.

Caravan 4U Travel Inc. and Muhammad Moin Warsi were convicted on two counts each of failing to maintain trust accounting contrary to section 27 of Ontario Regulation 26/05 made under the Act. Muhammad Moin Warsi was convicted on three counts of acting as a travel agent without registration contrary to section 4(1)(a) of the Act. Mr. Warsi acted as a travel agent before he had purchased Caravan 4U Travel Inc. Muhammad Moin Warsi and Caravan 4U Travel Inc. were also convicted on two additional counts of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. These additional counts relate to the company and Mr. Warsi operating as a travel agent after the registration of Caravan 4U Travel Inc. was revoked. The Ontario Travel Industry Compensation Fund paid out \$50,240 in claims to consumers after the registration of Caravan 4U Travel Inc. was revoked. Mr. Warsi was sentenced to 30 days in jail and is subject to a two year period of probation where Mr. Warsi cannot be employed in the travel industry in any capacity without the written permission from the Registrar. Under the terms of probation, Mr. Warsi must also disclose his conviction to any potential employer if the employment is in the travel industry, which is regulated by the Act. Caravan 4U Travel Inc. received a suspended sentence.

Brian Watt was convicted of one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Ontario *Travel Industry Act, 2002*. Mr. Watt was fined \$3,000. The charge of operating as a travel

agent against Caledonian Holdings Inc. o/a Christian Journeys & Tours was withdrawn.

Maria Lourdes Freire was convicted of five counts of failing to maintain trust accounting contrary to section 27 of the Regulation. Ms. Freire was the President of Jofir Investments Ltd o/a College Travel Centre, which closed in January 2009. The Ontario Travel Industry Compensation Fund paid approximately \$75,000 in claims to consumers as a result of the closure. Ms. Freire was fined \$1,000 and sentenced to a 2 year period of probation including paying restitution to TICO in the amount of \$12,400. The charges against Jofir Investments Ltd were withdrawn.

Ian Sadler was convicted of one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Mr. Sadler was fined \$5,000. The charge against Sadler Musical Productions Inc. was withdrawn. Mr. Sadler and Sadler Musical Productions Inc. are located in Stratford, Ontario.

Lidya Pashanov was convicted on ten counts of failing to maintain trust accounting contrary to section 27 of the Regulation and two counts of failing to advise the Registrar of changes in bank accounts contrary to section 17 of the Regulation. Ms. Pashanov was fined \$6,000 payable within 2 years. Ms. Pashanov was the president of Lifedream Travel and Tours Inc. Lifedream's registration under the Act was revoked in August 2008 and the Ontario Travel Industry Act Compensation Fund paid claims of \$120,489 to consumers. Ms. Pashanov was previously convicted of one count of fraud over \$5,000 under the Criminal Code of Canada and received a conditional sentence of 20 months including paying \$172,162.58 in restitution to consumers and 110 hours of community service. *Travel Industry Act, 2002* charges were withdrawn against Lifedream Travel and Tours Inc. and Alexander Pashanov.

Arif Assim and Sacred Tours Inc. were convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a)

of the Act. Mr. Assim was fined \$1,000 and Sacred Tours Inc. received a suspended sentence.

Gary David Clegg was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Gary Clegg operated under the name of Safari Junction in Meaford, Ontario. Mr. Clegg was fined \$2,000 payable within 6 months and is subject to probation for two years. As part of the probation order, Mr. Clegg cannot be employed in the travel industry without written permission from the Registrar, *Travel Industry Act, 2002*.

Harjeet Davda and Baldwin Travel & Tours Limited was convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Baldwin Travel & Tours Limited was previously registered under the Act, but continued to operate after its registration was suspended in August 2006. Harjeet Davda was the President of Baldwin Travel & Tours Limited. TICO paid claims to consumers in the amount of \$50,702 due to the closure of the company. Ms. Davda was fined \$2,000 payable within 12 months and is to pay restitution to TICO in the amount of \$50,702 under a Free Standing Restitution Order over 15 years. Baldwin Travel & Tours Limited received a suspended sentence.

Proposals to Revoke Registration

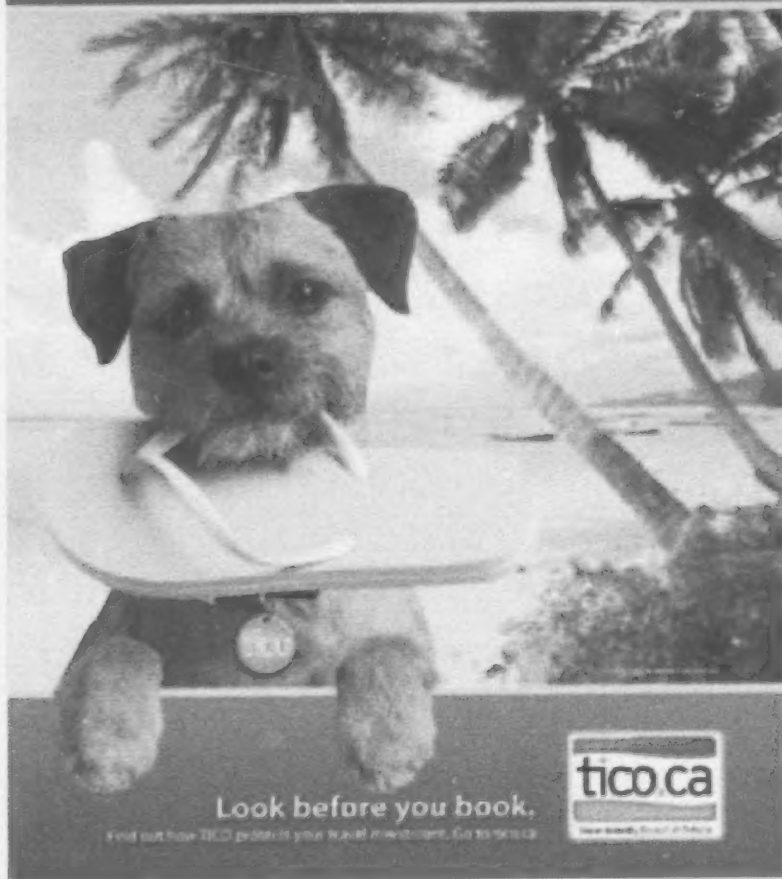
A total of 57 proposals to revoke registration were issued during 2010/2011. Of the proposals issued, 2 registrants were also issued a temporary suspension. The proposals were issued for the following reasons:

	2010/11	2009/10
Failure to file Financial Statements	24	49
Failure to maintain Working Capital	13	17
Failure to maintain Trust Accounting	9	4
Other Breaches of the Act and Regulation	11	11
	<u>57</u>	<u>81</u>

TICO attended 19 pre-hearings and 7 hearings before LAT in response to the proposals issued against registrants. Pre-hearings are now a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 19 registrations were revoked, 31 proposals were withdrawn and 12 were settled by consent order. At the beginning of the fiscal year, there were 16 outstanding proposals and at the end of March 2011, there were 11 outstanding proposals.

Go TICO Go!

Tell us where Tico is and you could WIN A DREAM TRIP!
GO TO TICO.CA



Look before you book.
Find out how TICO protects your travel investments. Go to TICO.CA



Consumer Awareness Campaign

During the 2010/2011 fiscal year TICO worked with Larter Advertising on TICO's Consumer Awareness Campaign. The goal was to increase awareness and to ensure that consumers gain a better understanding of what TICO does, how it can assist them and what protection is available in Ontario. To accomplish this goal, TICO's roles were broken into four major areas: Regulation, Monitoring, Refunds and Complaints. The home page of TICO's website has informative videos about TICO's roles as well as a general overview video for TICO. These videos are also available to be downloaded as collateral material for TICO registrants. The main focus of the Campaign messaging was to drive consumers to TICO's website where they would be able to view the videos and learn about TICO and the consumer protection that is available when they purchase travel services from TICO registered travel agencies.

The Campaign's media strategy included television closed captioned ads on CTV, A-Channel and Global Television as well as closed captioned ads on OMNI Television which were translated into various languages to reach a variety of ethnic communities. The Campaign's media strategy also included sponsorship of the whole season of AM 640's Planes, Trains and Automobiles show hosted by Arlene Bynon, as well as sponsorship on AM 740's From a Woman's Perspective with Marilyn Wetston. Colour print ads appeared in Zoomer Magazine, a lifestyle magazine that is targeted to Canadians 45 plus from September 2010 to the end of February 2011.

For the first time, TICO's Consumer Awareness Campaign included outdoor advertising with TICO posters in every GO Station and in GO transit shelters throughout Ontario. In addition TICO had a full advertising domination in the Royal Bank Plaza adjacent to Union Station in Toronto as well as large billboard ads on the platforms in Union Station. TICO's posters promoted TICO's consumer protection message as well as encouraged consumers to go to TICO's website to enter a "Win Your Dream Trip Contest." TICO's Contest received 122,498 entries and visits to TICO's website. TICO's

Contest Winner was Ken Weir of Bobcaygeon, Ontario who was presented with his grand prize cheque for \$5,000.

The Campaign also included a complete re-design of the TICO website with enhanced navigation to make the information easier to locate. In addition, more useful information was added to the website such as a Charges and Convictions section to provide stakeholders with easily accessible information on TICO's enforcement activities and a Consumer Travel Checklist to assist consumers with considerations when purchasing travel services. TICO also included pay-per-click advertising in its Campaign strategy to capture consumers on the Internet when searching for travel services.

Customized landing pages provided consumers with TICO's consumer awareness message. This initiative resulted in 29,392 clicks through to the website over ten months. To extend its consumer awareness message to ethnic communities, TICO's consumer awareness information was translated into various languages and is available for download on the TICO website.

Public relations was also a component in the Campaign's strategy and included various editorial and media interviews as well as a press conference at Union Station with Minister Gerretsen, the Minister of Consumer Services who assisted TICO in promoting its consumer awareness message which generated television coverage on various news stations. TICO staff were also at Union Station that day and provided 6,000 commuters with reusable shopping bags bearing the TICO logo and consumer information pamphlets. TICO attended nine consumer trade shows and distributed informational literature. Collateral materials for TICO registrants were also distributed and made available for download from TICO's website to allow Ontario registrants to participate in and support the Campaign.

The Campaign's strategy also included the production and distribution of a 4 minute video to all TICO registrants, which included various Industry leaders promoting the benefits to TICO registrants to use the TICO Logo and incorporate TICO's Consumer Awareness Campaign messaging in all their touch points with consumers.

TICO conducted an online omnibus survey to measure the success of the Campaign. The Survey resulted in a significant increase in awareness of TICO as well as an increase in the understanding of TICO's roles and services. Awareness of TICO was 30% in 2010/11 compared to 25% in the previous year. There was an increase in understanding to 57% (from 48% in the previous year) by consumers that TICO assists with complaints against TICO registrants and an increase to 37% (from 32% in the previous year) that TICO provides refunds to consumers who do not receive the travel services for which they paid. A total of 76% of respondents identified at least one role correctly compared to 74% in 2010.

In addition, the survey resulted in an increase in the understanding to 70% (from 69% in the previous year) by consumers that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund.

TICO's goal is to surpass these results in the upcoming year. A new Campaign strategy will be developed to benefit both consumers and registrants and will continue to focus on increasing consumer awareness in Ontario.

Legislative and By-Law Changes

Legislative Changes:

The *Open for Business Act, 2010* received Royal Assent on October 25, 2010. It repealed subclause 8 (1) (d) (i) of the *Travel Industry Act, 2002*, removing the restriction against registering non-share capital corporations.

The *Good Government Act, 2010* received Royal Assent on March 30, 2011. The government amended the definition of "travel services" in the *Travel Industry Act, 2002* ("Act"). Subsection 1 (1) of the Act now defines "travel services" to mean "transportation or sleeping accommodation for the use of a traveller, tourist or sightseer or other services combined with that transportation or sleeping accommodation". The change to the definition was

made to clarify who needs to be registered under the legislation. Subsection 24 (3) of the Act was also amended. The Registrar is no longer required to get the approval of the Director to require a registered travel agent or registered travel wholesaler to file a financial statement under section 24 of the Act.

Regulatory Changes:

Ontario Regulation 161/10 made under the *Travel Industry Act, 2002* came into force on July 1, 2010. It made changes to Ontario Regulation 26/05 in the following areas:

- **NOTICE OF CEASING TO SELL TRAVEL SERVICES** – Registrants are required to provide TICO with notice of their intention to close as soon as practicable and in any event within a minimum of ten days before closure of their business.
- **TRIP COMPLETION** – New entitlements, limitations, claims and appeal processes have been established related to trip completion expenses.
- **EDUCATION STANDARDS** – The supervisor/manager education requirements have been clarified.
- **FINANCIAL STATEMENTS** – Financial reporting has been improved by requiring registrants acting as both wholesalers and agents to meet reporting requirements for their combined total sales.
- **SECURITY IN LIEU OF TRUST ACCOUNTING** – Required security amounts were lowered to a level better matched to risk so that businesses have a viable alternative to trust accounts.
- **INVOICING** – The travel agent invoicing requirements were simplified.
- **DISCLOSURE OF INFORMATION ON REGISTRANTS** – TICO is permitted to provide bulk lists of new and recently terminated travel agents and wholesalers. The confidentiality of financial information has been clarified.

More details with respect to these changes can be found in the Explanatory Paper, *Ontario Regulation 161/10 made under the Travel Industry Act, 2002: What the New Rules Mean to You*, which is available on TICO's website.

French Language Services

TICO strives to respond to all inquiries received in the French language, whether oral or written. A comparable level of service will be provided in either language whenever and wherever demand and customer service warrant. TICO staff are able to communicate in several languages and provide both registrants and consumers with a timely, courteous and quality response to all French language enquiries. Correspondence received in French is responded to in French.



FINANCIAL REVIEW

The following financial review is based on the audited financial statements for the Travel Industry Council of Ontario for the year ended March 31, 2011 with comparative figures for March 31, 2010.

Overview

As at March 31, 2011, the combined Net Assets of TICO were \$25,847,583 compared to \$26,700,760 for the year ended March 31, 2010. The decrease in Net Assets was a result of total expenses exceeding revenues by \$853,177 for the year. Total revenues decreased in 2010/2011 by 5%, while total expenses, including claims have decreased by 38%.

TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2011, the assets held for the Fund were \$25,343,409 compared to \$25,896,898 as of March 31, 2010.

Revenue

Total Revenue for the year ended March 31, 2011, was \$3,157,605 and derived from semi-annual assessments by Registrants to the Compensation Fund (\$616,927), applications for renewal of registrations (\$628,136) and from new applications for registration (\$337,313). A total of \$1,375,229 in investment income was earned during the year.

Semi-Annual Assessments

All registrants are required to pay into the Compensation Fund based on their gross travel sales. The current contribution rate for both retail and wholesale registrants is .05 per \$1,000 of sales. Semi-Annual Assessments were higher in 2011 at \$616,927 compared to \$569,078 in 2010.

	2011	2010
Retail	\$ 461,999	\$ 425,753
Wholesale	<u>154,928</u>	<u>143,325</u>
	\$ 616,927	\$ 569,078

Registration Fees

Revenue from registration fees is derived from two sources, new registration fees and renewal fees. New registration fees are \$2,750 for a head office and \$750 for a branch office and cover a one year period of registration. Renewals are made annually and are based on a registrant's sales volume and can range from \$250 to \$1,500 per head office. The renewal fee for a branch office is \$250. Renewal Fees in 2011 were \$828,136 compared to \$883,184 in 2010 representing a 6% decrease in fees. This was not an unexpected decrease in renewal fees, due to the decline in the overall registrations. New Registrant fees were \$337,313 in 2011, an increase of 2% compared to \$330,063 in 2010.

Investment Income

Investment income is \$1,375,229 for 2011 compared to \$1,534,112 in 2010.

Expenses

Total expenses decreased significantly in 2011 to \$4,010,782 from \$6,473,967 in 2010. The significant variances are as follows:

Claims

Total claims expense for the year ended March 31, 2011, was \$293,151 compared to \$3,141,666 in 2010. The claims in 2010 related to two large failures, however in 2011 there was no failure that resulted in substantial claims. Claims expense consists of three components: (1) claims, including trip completion and imminent departure expenses, from registrant failures of \$129,294 and (2) claims from the failures of non registrant end supplier airlines and cruise lines of \$89,303 and professional fees of \$74,544 incurred in relation to closures and recoveries. Recoveries from security deposits and repayments from Registrants totalled \$38,207, which reduced the net claims figure to \$254,944. Non – registrant claims from the failures of end supplier airlines and cruise lines represents 41% of the claims.

Salaries and Benefits

Salaries and benefits have increased in 2010/2011, due to a one time cost for senior management termination.

Consumer and Registrant Awareness expense for 2011 is greater than 2010 by \$22,432. Expenses in this category include TICO's province wide consumer awareness campaign, the cost of TICO's quarterly newsletter, TICO's website and the cost of participation at consumer trade shows. In the prior year, TICO had commenced distributing its newsletter electronically only. However, in the current year, at the request of registrants TICO began distributing its newsletter in paper format again, which resulted in an increase in costs.

Inspections, Compliance and Prosecutions expense decreased over the prior year by \$37,839. The decrease was a result of restructuring the financial inspection team.

General and Office expense increased by 4% over the prior year. Included in this category is the cost of the One Step Travel Review. The total cost of the review was \$42,840 with \$15,360 expensed in 2010 and the balance of \$27,480 expensed in 2011.

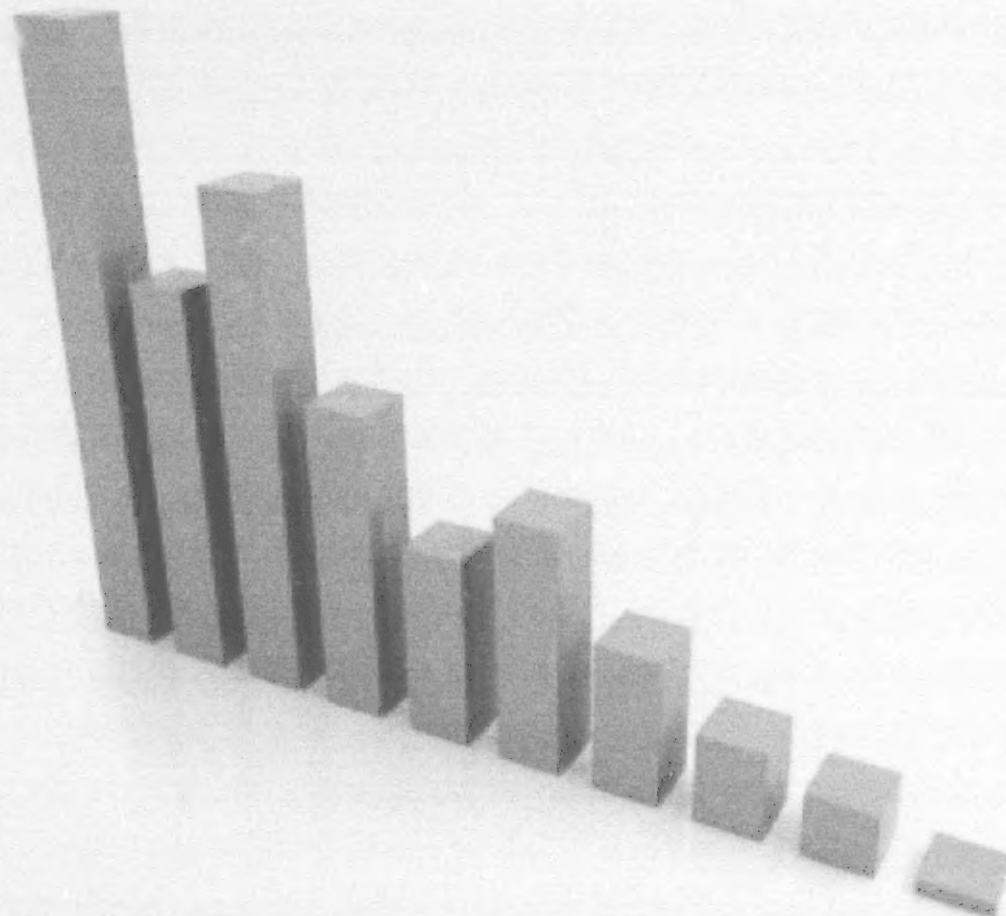
Board meeting expense increased by \$38,608 in 2011 from 2010. This expense category includes the cost of TICO's AGM, Board of Directors remuneration and meeting expenses. The 2011 AGM expense increased due to the cost of the webcast of the AGM in November 2010. This was the first year for a webcast of the AGM in order to reach more stakeholders. The Board of Director's meeting per diem rates were increased in March 2010 which also contributed to the increase in the overall expenditure.

Government Oversight Fees expense was \$109,010 for 2011 compared to \$116,165 for 2010. These fees are paid to the Ministry under the terms of TICO's Administrative Agreement. The current Administrative Agreement was signed on August 1, 2005.

Regulatory reform and education standards expense includes expenses related to legislative review and the implementation of the education standards. In 2010 TICO recovered fees from CITC for the initial outlay for the first 10,000 exams written. There were no further recoveries in 2011 as TICO's entitlement was fully recovered in 2010. In 2011 TICO commenced a consumer study to determine whether consumers would be willing to pay for enhanced compensation fund coverage or whether it might deter them from dealing with TICO-registered agencies. Initial costs associated with this study have been included in this expense category.

Professional Fees decreased by \$47,520 in 2011 from 2010. In the prior year, TICO incurred additional legal costs in preparation for its AGM which was held in September of 2009.

Credit checks expense decreased by \$6,223 in 2011 from 2010 as the cost for police checks are now being incurred directly by the registrant or applicant and not by TICO.



APPENDIX I

TRAVEL INDUSTRY COUNCIL OF ONTARIO
FINANCIAL STATEMENTS
MARCH 31, 2011

INDEX	PAGE
Auditors' Report	1.1
Statement of Financial Position	1.2
Statement of Changes in Net Assets	1.3
Statement of Operations	1.4
Statement of Cash Flows	1.5
Notes to the Financial Statements	1.6 - 1.10

TRAVEL INDUSTRY COUNCIL OF ONTARIO
AUDITOR'S REPORT



McGovern, Hurley, Cunningham, LLP
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Travel Industry Council of Ontario

We have audited the accompanying financial statements of the Travel Industry Council of Ontario, which comprise the statement of financial position as at March 31, 2011, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Travel Industry Council of Ontario as at March 31, 2011, and their financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
May 31, 2011

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 - Fax: (416) 496-0125 - E-Mail: info@mhc-ca.com - Website: www.mhc-ca.com

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011 \$	2010 \$
ASSETS		
CURRENT		
Cash and cash equivalents	5,159,330	2,459,284
Restricted cash (Note 3)	283,204	
Investments	23,455,091	26,346,002
Prepaid expenses and deposits	<u>64,261</u>	<u>46,481</u>
	28,961,886	28,851,767
EQUIPMENT (Note 4)	<u>236,835</u>	<u>277,711</u>
	<u>29,198,721</u>	<u>29,129,478</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	724,019	354,138
Deposits from registrants	<u>2,540,528</u>	<u>1,976,648</u>
	3,264,547	2,330,786
LEASEHOLD INDUCEMENT	<u>86,591</u>	<u>97,932</u>
	<u>3,351,138</u>	<u>2,428,718</u>
NET ASSETS		
Restricted for the Ontario Travel Industry Compensation Fund	25,343,409	25,896,898
Invested in equipment	236,835	277,711
Unrestricted	<u>267,339</u>	<u>526,151</u>
	<u>25,847,583</u>	<u>26,700,760</u>
	<u>29,198,721</u>	<u>29,129,478</u>

Commitments and contingencies (Note 7)

APPROVED ON BEHALF OF THE BOARD:

Signed "Michael Janigan", Chair of the Board

Signed "Jeff Element", Chair of the Audit Committee

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2011

	Invested In Equipment \$	Restricted For The Ontario Travel Industry Compensation Fund \$	Unrestricted \$	2011 Total \$	2010 Total \$
Balance, beginning of year	277,711	25,896,898	526,151	26,700,760	29,858,290
Excess of (expenses over revenues)	—	(575,970)	(277,207)	(853,177)	(3,157,530)
Purchase of equipment	9,521	(5,237)	(4,284)	—	—
Amortization of equipment	<u>(50,397)</u>	<u>27,718</u>	<u>22,679</u>	<u>—</u>	<u>—</u>
Balance, end of year	<u>236,835</u>	<u>25,343,409</u>	<u>267,339</u>	<u>25,847,583</u>	<u>26,700,760</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 2011

	2011 \$	2010 \$
REVENUE		
Renewals	828,136	883,184
Semi-annual payments from registrants	616,927	569,078
New registrants	337,313	330,063
Investment income	<u>1,375,229</u>	<u>1,534,112</u>
	<u>3,157,605</u>	<u>3,316,437</u>
EXPENSES		
Claims and trip completion costs	218,597	3,013,219
Closure expenses	—	10,870
Professional fees and services	<u>74,554</u>	<u>117,577</u>
	293,151	3,141,666
Less: Recoveries	<u>(38,207)</u>	<u>(93,327)</u>
	254,944	3,048,339
Salaries and benefits	1,843,028	1,572,741
Consumer and registrant awareness	567,136	544,704
Inspections, compliance and prosecutions	474,765	512,604
General and office	203,246	195,785
Rent	180,242	172,002
Board meeting expense	139,660	101,052
Ontario Government oversight fees	109,010	116,165
Computer	57,642	55,059
Regulatory reform and education standards	50,237	(38,784)
Insurance	39,917	39,206
Professional fees	23,768	71,288
Travel	9,451	11,689
Credit checks	7,339	13,562
Amortization	<u>50,397</u>	<u>58,555</u>
	<u>4,010,782</u>	<u>6,473,967</u>
Excess of (expenses over revenues)	<u>(853,177)</u>	<u>(3,157,530)</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2011

	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of (expenses over revenues)	(853,177)	(3,157,530)
Adjustments for:		
Amortization	50,397	58,555
Unrealized gains on investments	<u>(1,235,800)</u>	<u>(1,470,566)</u>
	(2,038,580)	(4,569,541)
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits	(17,780)	22,312
Accounts payable and accrued liabilities	86,677	104,881
Deposits from registrants	563,880	171,055
Leasehold inducement	<u>(11,341)</u>	<u>(11,340)</u>
	621,436	286,908
Cash flows from operating activities	<u>(1,417,144)</u>	<u>(4,282,633)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,331,000)	(3,519,000)
Redemption of investments	11,457,711	7,372,712
Purchase of equipment	<u>(9,521)</u>	<u>(30,422)</u>
Cash flows from investing activities	4,117,190	3,823,290
Change in cash and cash equivalents	2,700,046	(459,343)
Cash and cash equivalents, beginning of year	2,459,284	2,918,627
Cash and cash equivalents, end of year	<u>5,159,330</u>	<u>2,459,284</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	3,311,415	2,459,284
Cash equivalents	<u>1,847,915</u>	<u>—</u>
	<u>5,159,330</u>	<u>2,459,284</u>
SUPPLEMENTAL INFORMATION		
Restricted cash received for settlement of claims payable (Note 3)	283,204	—

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

1. NATURE OF OPERATIONS

The Travel Industry Council of Ontario ("TICO") was incorporated on April 7, 1997 as a not-for-profit corporation without share capital, under the laws of Ontario. TICO is designated by the Lieutenant Governor in Council, as the Administrative Authority responsible for administration of the Ontario *Travel Industry Act, 2002* (the "Act"). TICO's responsibilities are to carry out delegation of The Act in accordance with the Administrative Agreement and to achieve the Minister of Government Services' goal of maintaining a fair, safe and informed marketplace.

The Ontario Travel Industry Compensation Fund (the "Fund") is a fund established under the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 to reimburse consumers for travel services when they have been paid to an Ontario registrant, the travel services have not been provided and the registrant is unable to refund their money by reason of bankruptcy or insolvency.

Under certain conditions, the Fund also pays claims resulting from the failure of cruiselines and airlines (end suppliers) to provide travel services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of TICO are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year, except as described below. Outlined below are those policies considered particularly significant.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided as follows:

Furniture and equipment	20% diminishing balance
Computer hardware	3 years straight-line
Computer software	2 years straight-line

Database	5 years straight-line
Vehicle	30% diminishing balance

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Revenue Recognition:

The deferral method of accounting for contributions is followed. The application of this method of accounting results in revenue in the form of semi-annual payments from registrants, as well as renewals and application fees from new registrants, being recorded when received. Interest income is recorded on an accrual basis.

Claims:

Claims are recorded at the time of approval by the Board of Directors. Claims must be made within six months after the registrant, or end supplier becomes bankrupt, insolvent or ceases to carry on business.

Recoveries:

Amounts recoverable to offset claims paid, including commissions recoverable from registrants, are recorded when received.

Trip Completion Costs:

Trip completion costs are authorized solely by the Director under the Act and are recorded when paid.

Lease Inducement:

Lease inducement is amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Use of Estimates:

The preparation of financial statements in accordance with Canadian gener-

TRAVEL INDUSTRY COUNCIL OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

ally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 1.80% to 4.62% and with maturity dates ranging from three months to ten years from March 31, 2011.

Investments are carried at market value.

Financial Instruments:

Financial assets and liabilities are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in the statement of operations for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in the statement of changes in net assets until the asset is removed from the balance sheet or until any impairment is determined to be other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

TICO's investments have been classified as held-for-trading. Accounts payable and accrued liabilities have been classified as other financial liabilities.

TICO classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The

fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Prior year figures:

Certain prior year figures have been reclassified to conform to the presentation adopted in the current year.

Future Accounting Changes:

The Accounting Standards Board ("AcSB") has approved a new framework that is based on Accounting Standards for Private Enterprises ("ASPE") and incorporates the 4400 series of standards. Not-for-profit organizations also have the option of adopting International Financial Reporting Standards ("IFRS"). The new standards are effective January 1, 2012 with early adoption permitted. TICO is currently assessing these alternate standards and expects to adopt ASPE.

3. RESTRICTED CASH

The Ontario Superior Court of Justice approved the discharge of PricewaterhouseCoopers Inc. as the Judicial Trustee of C3 Leisure Limited o/a Canada 3000 Holidays on December 24, 2009. The Court appointed TICO to administer the funds remaining in the trust account. TICO is to administer the funds until November 18, 2012 at which time after recovering its costs for administration of the funds, the residual funds would be allocated to the Ontario Travel Industry Compensation Fund.

The residual funds are to be used for ongoing consumer education and awareness of their rights and responsibilities under the Act.

TRAVEL INDUSTRY COUNCIL OF ONTARIO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2011

4. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net</u>	<u>2010 Net</u>
	\$	\$	\$	\$
Furniture and equipment	221,749	151,669	70,080	84,326
Computer hardware	152,119	139,913	12,206	17,928
Computer software	51,627	51,627	-	-
Database	244,416	244,416	-	-
Leasehold improvements	204,705	51,176	153,529	173,999
Vehicle	<u>5,000</u>	<u>3,980</u>	<u>1,020</u>	<u>1,458</u>
	<u>879,616</u>	<u>642,781</u>	<u>236,835</u>	<u>277,711</u>

5. RESTRICTED NET ASSETS

Article 2.01 of By-law one of TICO requires that all monies held shall be used in promoting its objects. Section 52 of Ontario Regulation 26/05 enacted under the Act requires that all money in the Fund and any income on such money shall be held by TICO in trust for the benefit of claimants whose claims for compensation are approved by TICO in accordance with the Regulation. Section 73 of Ontario Regulation 26/05 provides that remuneration of advisors may be paid from the Fund.

Ontario Regulation 26/05 made under the Act restricts the maximum amount that may be reimbursed for a failure to provide travel services with respect to all claims arising out of an event or major event to \$5,000,000, plus an additional \$2,000,000 for trip completion costs. The Fund pays a maximum claim of \$5,000 per person.

6. INCOME TAXES

As a not-for-profit corporation, TICO is not subject to income taxes, in accordance with Section 149(1)(l) of the Income Tax Act.

7. COMMITMENTS AND CONTINGENCIES

- (a) Under terms of an Administrative Agreement signed August 1, 2005 between TICO and the Ministry of Government Services (the "MGS"), TICO is obligated to pay a maximum annual fee, based on cost recovery, of \$130,000 per year to the Province of Ontario. The MGS may increase this annual payment above the maximum amount in any given year in accordance with the terms of the Administrative Agreement.
- (b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2018. Minimum rental commitments remaining under this lease approximate \$749,600. Minimum rental commitments for successive years approximate the following:

2012	\$ 90,400
2013	90,400
2014	94,200
2015	101,700
2016 and beyond	<u>372,900</u>
	<u>\$ 749,600</u>

- (c) TICO, the Registrar and the Statutory Director under the Act are being sued by Sunrise International Travels Inc. for pecuniary and non pecuniary damages of \$2 million and punitive damages of \$1 million.

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The legal proceedings arose due to Sunrise's registration with TICO being terminated. The outcome of this dispute is currently unknown and, as a result, no amounts have been accrued in the these financial statements. Any claims or costs resulting from the legal proceedings will be charged to operations in the year that they are determined.

- (d) During 2011, TICO entered into a termination contract with a member of management. The minimum obligation under this contract approximates \$268,000. The effective date of the termination is expected to be September 30, 2012 or later, with the majority of the commitment being payable over a twelve-month period commencing on the effective date of the termination. As at March 31, 2011, accounts payable and accrued liabilities includes approximately \$241,000 related to this obligation, which represents the estimated fair value of the obligation at March 31, 2011 using a discount rate of 5% and an expected termination date of September 30, 2012. Salaries and benefits expense for 2011 includes \$241,000 related to this obligation.

8. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that TICO disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could

significantly affect these estimates.

The carrying amounts for accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

As at March 31, 2011, TICO's financial instruments that are carried at fair value, consisting of cash equivalents and investments, have been classified in the following levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Cash equivalents	1,847,915	—	—
Investments	15,976,085	7,479,006	—

As at March 31, 2010, TICO's financial instruments that are carried at fair value, consisting of investments, have been classified in the following levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Investments	25,001,780	1,344,222	—

Interest Rate Risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. TICO has investments in financial instruments that include term deposits, short-term notes, bonds and debentures which are subject to interest rate risk.

TICO does not hedge its exposure to interest rate risk as it considers such risk to be minimal.

Foreign Exchange Risk:

Foreign exchange risk is the risk that the market value of financial instruments

TRAVEL INDUSTRY COUNCIL OF ONTARIO
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and the associated revenues will fluctuate due to changes in exchange rates. TICO does not use derivatives to modify foreign exchange risk.

Market Risk:

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. TICO is exposed to market risk as a result of its investments. TICO mitigates its market risk exposure through controls to limit concentration levels.

9. CAPITAL DISCLOSURES

TICO's capital is comprised of its net assets. TICO's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate (Note 1). TICO achieves this objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating budget. See also Note 4.

Section 72(2) of Ontario Regulation 26/05 provides that TICO may, from time to time, invest any money of the Fund that is surplus to its immediate requirements in property in which a trustee is authorized to invest, in accordance with the Trustee Act.

The TICO Board adopted the following policy with respect to investing surplus funds of TICO:

A minimum of \$2,000,000 of such surplus funds will be invested in qualifying investments that mature within one year. The remainder of the surplus funds not invested in short-term investments will be invested in qualifying investments, which will be laddered in approximately equal proportions with maturities ranging between 2 and 10 years.

Approved Investments:

- Government - all government of Canada bonds and guarantees, all liabilities of Provinces of Canada and their guarantees.
- Banks/Trust Companies/Central Cooperative Credit Societies - Investments include Bearer Deposit Notes (BDNs), Bankers Acceptances (BAs), Guaranteed Investment Certificates (GICs), Certificates of Deposit (CDs) but do not include Swap Deposits. Authorized investments also include other liabilities unconditionally guaranteed by the Banks or the regulated Trust Companies.
- All funds must be invested in Canadian dollar denominated financial instruments.

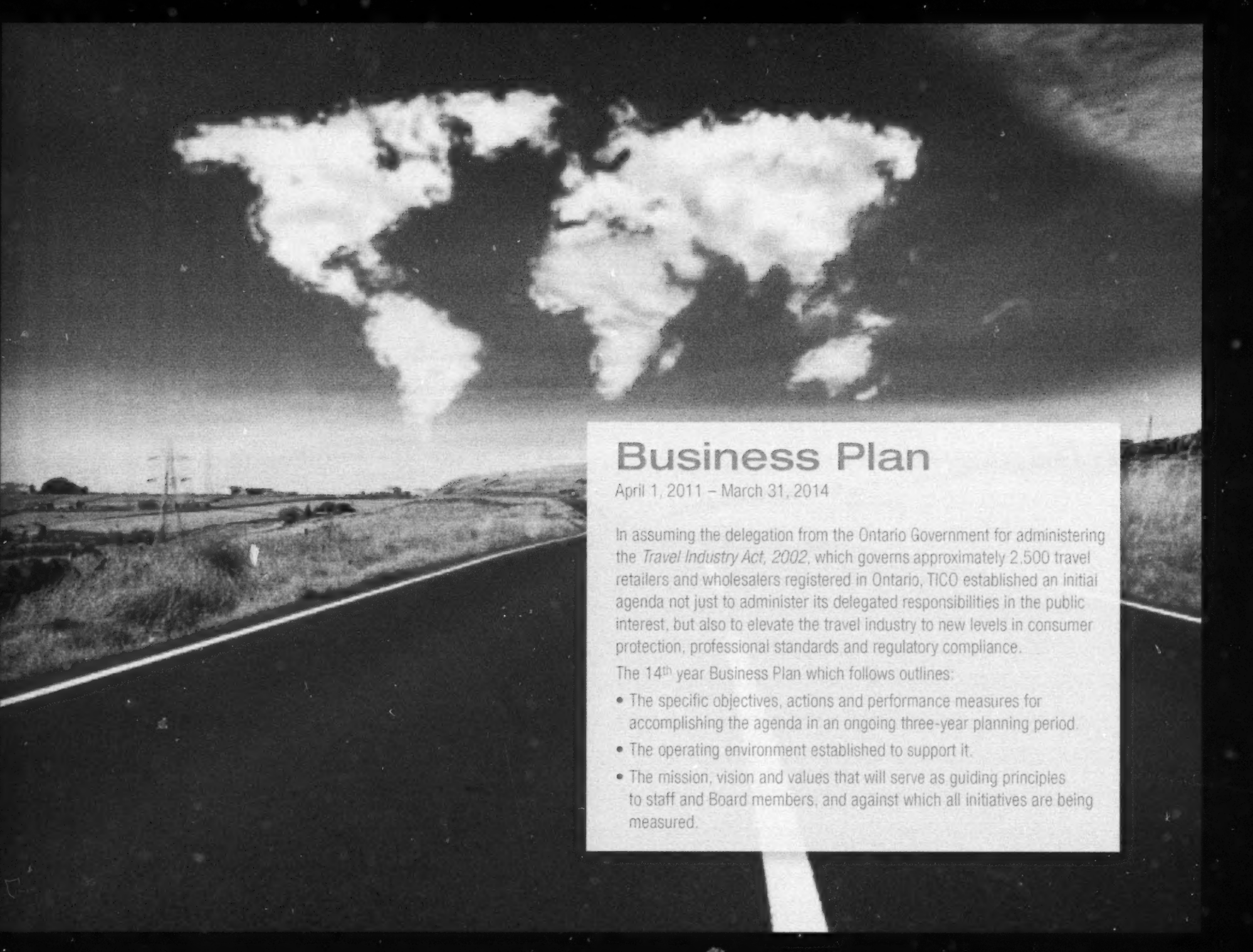
Ratings:

The criteria for the inclusion of a bank, trust company or a central co-operative credit society on this list of authorized investments is:

	One Year or Less (Short Term Paper)	Over One Year in Length
Dominion Bond Rating Service (DBRS)	R-1	A
Canadian Bond Rating Service (CBRS)	A-1	A

Maximum Holdings:

Each individual investment in or guaranteed by any one bank, trust company or central cooperative credit society other than the Bank of Nova Scotia, Royal Bank of Canada, Bank of Montreal, Toronto-Dominion Bank and Canadian Imperial Bank of Commerce should not exceed 3% of the total amount invested and the aggregate of such investments should be not more than 20% of the total amount invested.



Business Plan

April 1, 2011 – March 31, 2014

In assuming the delegation from the Ontario Government for administering the *Travel Industry Act, 2002*, which governs approximately 2,500 travel retailers and wholesalers registered in Ontario, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance.

The 14th year Business Plan which follows outlines:

- The specific objectives, actions and performance measures for accomplishing the agenda in an ongoing three-year planning period.
- The operating environment established to support it.
- The mission, vision and values that will serve as guiding principles to staff and Board members, and against which all initiatives are being measured.

Business Objectives

Environment

There is no doubt that travel is an interesting and exciting industry in which to work and play. It is also one of the most challenging. Things are constantly changing as a result of global influences, which cannot be ignored. Fluctuating oil prices, economic conditions, technological advances, weather events, natural disasters, even when they take place on the other side of the world, impact us in Ontario. There are endless risks in this industry. While some of those risks are foreseeable, there are other events that even the most savvy business person could never anticipate. Yet to survive, one must adapt, find new opportunities and ways to be relevant in an increasingly competitive marketplace.

Regulating that marketplace is no easy task, especially when rules differ from jurisdiction to jurisdiction and various levels of government are involved with responsibility for only pieces of the puzzle. The result is patchwork regulation, which often leaves gaps in consumer protection. The Regulator is constantly struggling to keep up with the pace of change, to anticipate what may occur in the future and to compete to get issues addressed when there are long lists of pressing government priorities. Just as travel businesses must adapt and change in order to survive so must TICO learn from its experiences and evolve to ensure that it continues to fulfill its consumer protection mandate and to maintain a level playing field for those in the industry.

The closures of One Step Travel in November 2006 and Conquest Vacations in April 2009 provided opportunities for TICO to learn from its experiences and to make positive changes for the future. Those closures were extensively reviewed. The Independent Review of TICO's Compliance with Policies and Procedures Re: One Step Travel was released on October 7, 2010. The review identified two areas where TICO could improve its practices, specifically, clarifying its policies and improving certain documen-





tation practices. In response to the independent review, the Board has moved to strengthen the Council's policies and procedures in four areas: Registrar Discretion, Inspection of Branch Offices, Documentation and File Maintenance and Transfer of Bookings. The Board also clarified its own policies regarding the review of large closures.

In April of 2009, following the closure of Conquest Vacations, the government undertook an Assessment of Consumer Protection against Financial Instability in the Travel Industry. It recommended regulatory changes to require that registrants provide notice to TICO of their intention to cease operations and to enhance trip completion compensation provisions. On July 1, 2010, Ontario Regulation 161/10 came into force, which implemented those recommendations. Enhancements were also made to TICO's website as a result of recommendations from that report.

There were two other issues discussed following the closure of Conquest Vacations, which TICO will be continuing to work on over the next year. First, consolidation in the industry has resulted in a few global tour operators who dominate the mass market for package vacations. While this has made vacations more affordable for the general public, there are concerns regarding whether the provincial Compensation Fund is adequate to protect the public in the event of the closure of a large international tour operator. TICO is looking at how it can enhance the protection offered by the Compensation Fund to ensure that consumers are protected. The goal is to have coverage that is comprehensive, easy to understand and affordable for stakeholders.

Secondly, TICO is reviewing the implications of the Ontario Superior Court of Justice decision related to the Conquest trust account to determine what can be done to enhance TICO's ability to recover trust monies in the future. As always, TICO is trying to find the right balance and ensure consumer protection without unduly burdening business.

Of course, TICO does not want to simply be reactive, it wants to proactively



plan and address emerging issues before problems occur. A big focus of this Business Plan will be on ensuring that effective risk management strategies are in place, that the Act and Regulation anticipate emerging issues and that TICO has the tools necessary to address the realities of how business is being conducted both today and for the future. It wants to build on the strengths of its Financial Inspections Program and its Consumer Awareness Campaign, to support a successful and prosperous industry, while increasing consumer protection and consumer confidence. It also wants to build partnerships with other provinces, the federal government and major industry stakeholders with a goal of harmonizing standards to make it easier for businesses to comply, to reduce duplication of Regulation and ultimately, to ensure consistent protection for all consumers in Canada, wherever they reside.

STRATEGIC PRIORITIES

As a result of the changing environment in the Industry, the TICO Board of Directors has set the following strategic priorities for the future. The Board considered short term, medium term and long range goals. The Business Objectives that TICO will focus on in this 3-year Business Plan are listed below. TICO may also initiate some preliminary work on the objectives found in Horizons 2 and 3 over the next year. You will note that the latter Horizons are classified "0-5" and "0-10" to reflect this.

HORIZON 1 (0-3 years)

Propose enhancements to the consumer protection provided by the Compensation Fund.

Review the business model of how travel services are being sold.

Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

Review TICO risk management strategies to ensure that there are systems in place to manage the risks of the organization.

HORIZON 2 (0-5 years)

Take a lead role in promoting harmonized standards with other industry stakeholders, provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.

Participate in promoting and establishing a national travel compensation fund with other stakeholders to protect consumers across Canada.

HORIZON 3 (0-10 years)

Explore the development of turn-key solutions for self-management and consumer protection that can be sold to other jurisdictions and/or industries.

Business Objectives for 2011/2012:

Objective #1:

Propose Enhancements to the Consumer Protection provided by the Compensation Fund.

Performance Goal:

- Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants.

Performance Measures for 2011/2012:

- Obtain feedback from stakeholders on the Compensation Fund coverage and any gaps in consumer protection.
- Utilize stakeholder feedback to develop a proposal to expand the coverage provided by the Compensation Fund.
- Conduct consumer research including both qualitative and quantitative analysis using consumer focus groups and an online consumer survey to determine if consumers are willing to pay for enhanced Compensation Fund coverage.
- Conduct financial analysis to determine the appropriate level of the Compensation Fund based on coverage.
- Submit a proposal to the Ministry to address the gaps in the current consumer protection.

Objective #2:

Review the Business Model of how Travel Services are Being Sold.

Performance Goal:

- Ensure the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.

Performance Measures for 2011/2012:

- Obtain feedback from stakeholders with respect to changes to the business model such as the Internet, home-based / outside sales representatives and the consolidation of the Industry.
- Assess whether any gaps in consumer protection exists as a result of the review of the business model.
- Review how consumers book and purchase their travel services to identify whether there is confusion as whether consumer protection exists.
- Determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes.
- Make recommendations to ensure appropriate consumer protection measures are in place.

Objective #3:

Review and Recommend Changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

Performance Goal:

- Enhance the effectiveness of the Act and the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.

Performance Measures for 2011/2012:

- Review the Act and the Regulation to determine where changes would be beneficial.
- Meet with industry and government representatives with respect to proposed changes to the Act and the Regulation.
- Consult with stakeholders on proposed changes.
- Review feedback received from consultation process and submit proposed changes to the Ministry.

Objective #4:

Review TICO Risk Management Strategies to Ensure that there are Systems in Place to Manage the Risks of the Organization.

Performance Goals:

- Identify the organization's risks and take steps to ensure systems are in place to manage those risks.

Performance Measures for 2011/2012:

- Document key risks to the organization.
- Review TICO Policies and Procedures to ensure that identified risks are being managed appropriately.
- Consider enhancements to TICO Policies and Procedures where gaps exist to manage risk.
- Consider enhancements to the Regulation where gaps exist to manage risk.

TICO Performance Measures 2011/2012

As part of its efforts to indicate that it is promoting a fair and informed marketplace where consumers can be confident in their travel purchase, TICO will be publicly tracking and reporting on the following Measures:

Consumer Awareness and Education:

1. TICO's Consumer Awareness Campaign ensures that consumers are aware of the existence of TICO.

Performance Goal

- To increase the awareness of the TICO brand among Ontario travellers by 3%.

Performance Measure

- Identify percentage of consumers surveyed who report that they are aware of the existence of TICO.

2. TICO's Consumer Awareness Campaign ensures that consumers understand the roles that TICO performs and the benefits of booking travel services through an Ontario registered travel agent.

Performance Goal

- 76% of consumers surveyed identified at least one of TICO's roles correctly.

Performance Measures

- Identify percentage of consumers surveyed who could identify the roles that TICO performs.
- Identify percentage of consumers surveyed who understand that they must purchase their travel services from an Ontario registered travel agency to obtain the protection of TICO and the Compensation Fund.

Consumer Protection:

1. TICO's Financial Inspection Program ensures that consumers are better protected through financial inspections and monitoring.

Performance Goal

- Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.

Performance Measures

- Identify the number of site inspections completed.
- Identify the number of bench reviews completed.
- Identify the number of registrants with working capital deficiencies, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants who failed to file their financial statements on time, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants with working capital deficiencies

and financial statement filing compliance issues that failed and resulted in claims against the Compensation Fund.

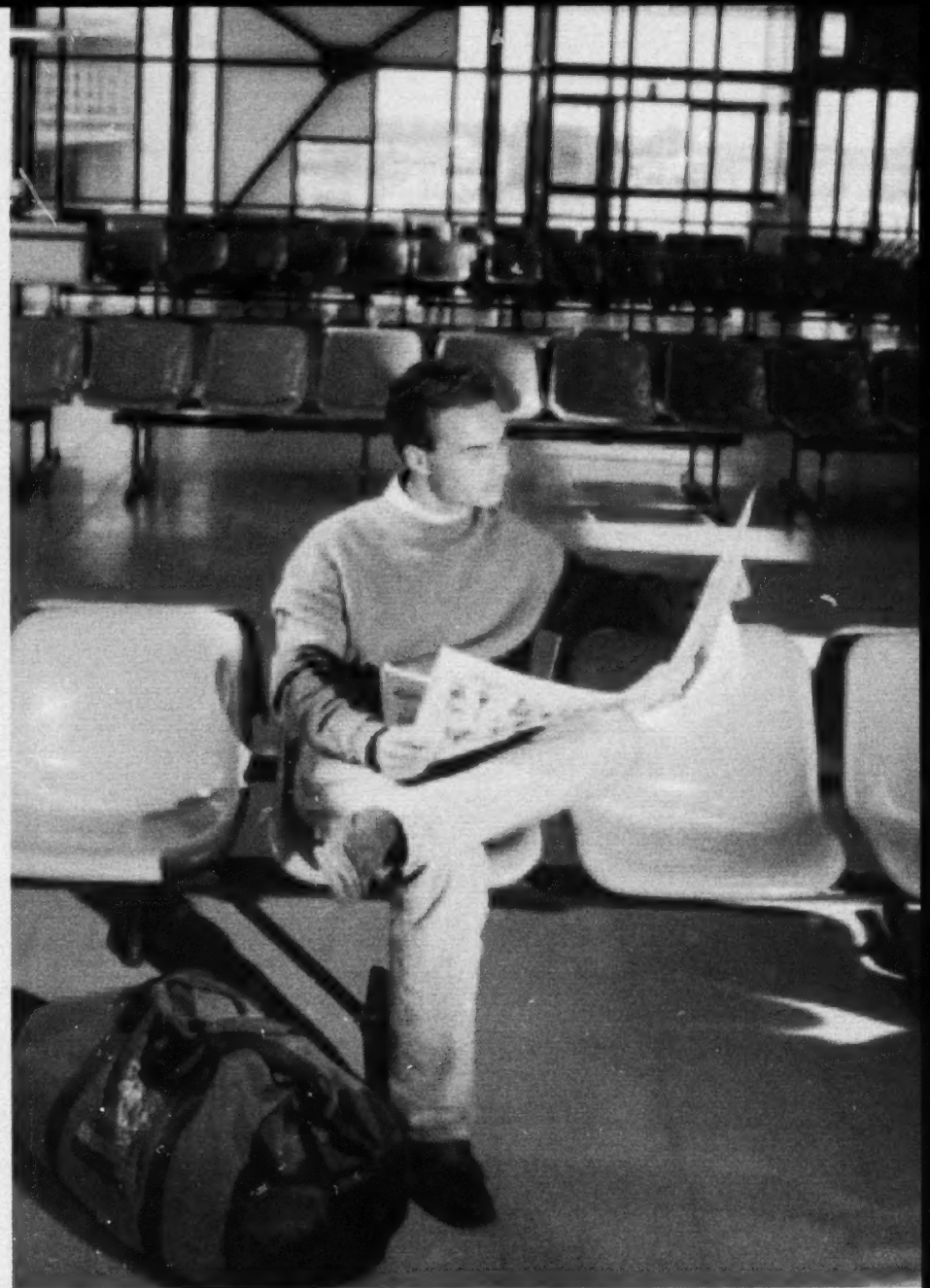
2. TICO's Compensation Fund provides timely and fair resolution of claims.

Performance Goal

- For claims received during the year, 70% of approved claims were processed within 120 days of receipt.

Performance Measures

- Identify the number of claims received during the year
- Identify the value of claims received during the year
- Identify the value of claims received during the year that were paid
- Identify the number of consumers assisted during the year
- Identify the average time to resolve claims received during the year
- Identify the % of claimants surveyed who report the process was timely and fair
- Identify the number of LAT claim appeals and results



	Business Plan <u>2011/2012</u>	Business Plan <u>2012/2013</u>	Business Plan <u>2013/2014</u>
Revenues			
Semi-Annual Assessments	526,000	526,000	526,000
New Registrations	225,000	225,000	225,000
Renewals	983,000	1,025,000	1,025,000
Investment Income	<u>877,000</u>	<u>825,000</u>	<u>810,000</u>
	2,611,000	2,601,000	2,586,000
Operating Expenses			
Compensation Fund Claims	640,000	640,000	640,000
Salaries & Benefits	1,711,000	1,695,000	1,729,000
Administration	1,035,000	1,015,000	1,025,000
Industry Initiatives	607,000	582,000	552,000
Inspections & Compliance	<u>642,000</u>	<u>655,000</u>	<u>668,000</u>
	4,635,000	4,587,000	4,614,000
Excess Receipts over Payments	(2,024,000)	(1,986,000)	(2,028,000)
Net Compensation Fund/TICO Assets beginning of period	<u>25,848,000</u>	<u>23,824,000</u>	<u>21,838,000</u>
Total Compensation Fund/TICO Assets	<u>23,824,000</u>	<u>21,838,000</u>	<u>19,810,000</u>
Compensation Fund/ TICO Assets Breakdown			
Compensation Fund Asset	23,653,000	21,808,000	19,927,000
TICO Asset	<u>171,000</u>	<u>30,000</u>	<u>(117,000)</u>
	23,824,000	21,838,000	19,810,000

TICO REVENUE AND EXPENSE FORECAST

Notes:

1. Compensation Fund Assessment's assume that the rate is .05 per \$1000 of sales for retail and wholesale.
2. Registration Fees based on fee increase effective July 1, 2011.
3. Interest assumed to be 3.5% per annum.
4. Industry initiatives include in 2011/2012 Consumer Awareness Campaign \$500,000, \$12,000 for Education Standards, \$20,000 for Consumer Advisory Committee, \$50,000 for the Regulatory Reform and \$25,000 for communications. For 2012/2013 Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee, \$25,000 for Regulatory Reform and \$25,000 for communications \$12,000 Education Standards. For 2013/2014 Consumer Awareness Campaign \$500,000, and \$20,000 for Consumer Advisory Committee, \$20,000 for communications and \$12,000 for Education Standards.
5. The projections assume that the cost of the Consumer Awareness Campaign is split between TICO and the Compensation Fund on the 45%/55% split.
6. Administrative and salary costs in 2011/2012 include one time costs that will not be incurred in subsequent years.

APPENDIX II

TICO BOARD OF DIRECTORS 2011-12 (as of March 31, 2011)

Industry Representatives

Jeff Element – Vice Chair
President
Travel Corporation Canada
Toronto, ON

Jim Diebel
President
Hanover Holiday Tours Limited
Hanover, ON

Mike Foster
President
Uniglobe Instant Travel
London, ON

Denise Heffron
Vice President Commercial
Transat Holidays
Etobicoke, ON

Thanushka Nanayakkara, CTM
President
NARAT Incorporated
Toronto, ON

David Shaw
President
Evans Intravel Inc.
Orillia, ON

Scott Stewart
President
G. Stewart Travel Services Ltd.
Peterborough, ON

Richard Vanderlubbe
President
Travel Superstore Inc.
Hamilton, ON

Jill Wykes
Senior Vice President, Human Resources
Thomas Cook Canada
Toronto, ON

Kathleen Warren, CTM
Senior Travel Consultant
Allison's Travel Agency Ltd.
Windsor, ON

Ministerial Appointments

Michael Janigan, J.D., LL.M. – Chair
Executive Director & General Counsel
Public Interest Advocacy Centre (PIAC)
Ottawa, ON

Patricia Jensen
Board Member
Consumers Council of Canada
Toronto, ON

Shaher Bano Noor, C.A., C.F.P.
Managing Partner Rosenthal Pervez & Noor LLP
Chartered Accountants
Mississauga, ON

Maria Mendes, LL.B.
Barristor & Solicitor
Mendes Law Firm
London, ON

Dr. James Savary
Department of Economics
Glendon College,
York University
Toronto, ON

BOARD OF DIRECTOR BIOGRAPHIES

Jeff Element, CMA, CTM

Jeff Element is a graduate of the University of Toronto with an Honours Bachelor of Arts degree in Commerce and Economics. In 1995, he obtained his professional designation in management accounting from CMA Canada. Jeff celebrates his fifteenth anniversary with The Travel Corporation Group of Companies in 2011. He began his career with the company in the role of Financial Controller, with an eventual promotion to Vice President of Finance in 1998. Over time, Jeff became increasingly more involved in the other aspects of the business, including sales and marketing, operations and reservations, eventually coming to oversee several other departments, including Air Ticketing, Customer Service, Documentation and Information Technology. In 2006, he was appointed to the role of President for the Canadian operation. He is actively involved in the travel industry, having received his Certified Travel Manager designation in 2006 and being appointed to the Board of Directors for TICO in 2005 as a representative of the Canadian Association of Tour Operators.

Jim Diebel

Hanover Holiday Tours has been operating escorted Motor Coach Tours across Canada and the United States since 1974. Jim Diebel joined the company in 1986 and in 1993 purchased the company, along with his wife, Diane. The company has grown dramatically, yet remained firmly committed to selling its tour packages through Travel Agents. In addition to being newly elected to the TICO Board in the fall of 2010, Jim also serves as Board member of Motor Coach Canada and the American Bus Association. Jim serves TICO's Governance, E-Commerce and Complaints Committees.

Mike Foster

Mike Foster is President and owner of UNIGLOBE Instant Travel Inc. with two locations in London and a number of home-based travel profession-

als. Mike started with UNIGLOBE in 1982 and has over the years added a number of high profile agencies through acquisition, building one of the area's largest travel agency companies.

Mike has served a variety of roles in both ACTA Ontario and TICO for the past several years. He has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including Sunshine Foundation, Junior Achievement, the Small Business Centre and the London Health Sciences Centre.

Mike has also been involved in the submissions of proposed legislative changes by both ACTA and TICO and is focused on bringing real, substantial and positive change to the travel industry. Mike is currently the Chairman for the ACTA Ontario Council and holds a seat on the ACTA National Board of Directors.

Denise Heffron

2010, marks Denise Heffron's 18th year at Transat, Canada's largest integrated travel company. Denise holds the dual role of Vice-President Commercial, Transat Holidays / Nolitours and Vice-President, National Sales. She graduated from the University of Western Ontario with a Bachelor of Arts degree and began her career in the travel industry shortly thereafter. Denise is an active participant in the industry at large and serves on the TICO Board and as a representative of the Canadian Association of Tour Operators. She has been a member of the CATO executive for eight years and brings with her a thorough knowledge of the commercial activities of outbound tour operation and retail distribution in Canada. In addition, Denise is a member of the TICO E-commerce, Business Strategy and Compensation Fund Committees.

Michael Janigan, J.D., LL.M.

Michael Janigan is the Executive Director and General Counsel of the Public

Interest Advocacy Centre (PIAC) located in Ottawa, Canada. The Centre provides legal services and research in issues involving the delivery of important public services on behalf of Canadian consumers, and the organizations that represent them. The Centre has been in existence since 1976 and has a small staff of lawyers, researchers and administrative personnel located in Ottawa and Toronto.

The Centre has been engaged in transportation issues on behalf of the travelling public, and, as a partner with the travel industry, has engaged in advocacy in support of consumer protection and passenger rights in airline travel. PIAC has made presentations before House and Senate Committees in support of all-in price requirements for airline advertising to level the playing field with the current required practice in the travel industry.

Mr. Janigan has been the Executive Director of the Centre since 1992. Prior to assuming his current position, Mr. Janigan was a city and regional councillor representing a downtown ward in the City of Ottawa. He was elected to that position in the community where he carried on a busy litigation practice.

Mr. Janigan was born in Ottawa, and attended the University of Western Ontario, in London, Ontario where he obtained both his undergraduate degree in science and his law degree. He has also received an LL.M degree in competition law from the University of London. He has been called to the Bar of the Law Society of Upper Canada and is also a member of the State Bar of California.

Maria Mendes, LL.B.

Maria Mendes is the principal of Mendes Law Firm located in London, Ontario. She practices family law, real estate law, corporate law and provides estate planning. She received her B.A. from the University of Western Ontario in 1982 and obtained her LLB degree from the University of Windsor in 1985. Maria Mendes was called to the Ontario Bar in 1987. Maria has been a dedicated volunteer to many community organizations

in various sectors. She has served as Board Member and Chair of various organizations such as London Police Services Board, Fanshawe College Board of Governors, London & Middlesex Housing Authority and Victoria Hospital. She presently Chairs the Committee of Adjustment for the City of London. Maria Mendes was appointed to the TICO Board of Directors in 2009. She serves as Chair of TICO's Complaints Committee and also serves on TICO's Compensation Fund Committee and Governance Committee.

Thanushka Nanayakkara, CTM

President and CEO of NARAT, Thanushka Nanayakkara, CTM, is a 3rd generation industry veteran from a family that had pioneered travel in parts of the world, and helmed world travel industry bodies including presidency of the United Federation of Travel Agents Associations (UFTAA), in addition to chairing international Tourism Boards.

His extensive travel industry experience entails managing positions within major facets of the industry, including leading retail agencies, tour wholesalers, tour operators, airline consolidators, coach transport companies and air transport companies.

Thanushka Nanayakkara holds College and University qualifications in Business and Cultural Studies, and is professionally accredited with the Canadian Institute of Travel Counsellors (CITC) as CTM.

He is a member of the Ontario Board of Directors for the Association of Canadian Travel Agencies (ACTA) and sits as its representative on the Travel Industry Council of Ontario (TICO) Board. He is a standing member of the Travel and Tourism Research Association (TTRA), represented by the Tourism Industry Association of Canada (TIAC).

A well regarded Public Speaker, his literary insights have been published in Canadian and international journals and has published the professional advice column Experience Matters for Travel Agents in the Travel Courier magazine, one of Canada's leading travel trade publications.

S. Bano Noor, C.A., C.F.P.

Ms. S. Bano Noor is the Managing Partner of Rosenthal Pervez & Noor, LLP, a CA Firm in Mississauga, Ontario and practices in the areas of financial analysis, assurance services, financial & tax planning, and risk management for a diverse portfolio of her clientele. She has worked in various capacities in regional and national accounting firms in the Greater Toronto Area for over 25 years. She has gained expertise in municipal audits, financial controls and reporting requirements to municipal councils and provincial governing bodies. Ms. Noor is a member in good standing of the Institute of Chartered Accountants of Ontario (ICAO), and is also a Certified Financial Planner (Canada), a Certified Management Accountant (US) and a Certified Public Accountant (US). She is currently the Treasurer of the executive board of Halton Peel Chartered Accountants Association where she has recently served as the Chapter President. Ms. Noor is a ministerial appointee on the TICO Board for a term of two years and is a member of the TICO Audit Committee and the Business Strategy Committee.

Patricia Jensen

Patricia is a ministerial appointee on the TICO Board and, since December 2007 has served as Statutory Director. She sits on the Executive Council, Compensation Fund, Education Standards and Alternate Finance Committees of the Board. Patricia is also a member of the Consumers Council of Canada, and Chair of the Consumer Advisory Council of the Technical Standards and Safety Authority. Prior to joining the TICO Board, Patricia served as consumer representative on the Bearing Point Travel Study Group examining consumer protection gaps in Ontario's Travel Industry Act. She has also represented the consumer perspective to consultations on the new Travel Industry Regulations and to the Consumer Measures Committee regarding all-in pricing in the airline industry. Patricia is Professor Emeritus, Ryerson University.

David Shaw

David caught the travel bug while working from 1979 to 1984 as a Senior Market Researcher for an international mining, metallurgical and processing equipment manufacturer. In 1984 an opportunity to purchase an agency was realized quickly followed by the purchase of a second agency in 1985. Elected President of the Huronia Independent Travel Agents Association in 1986 representing sixteen regional agencies and lead the merge with Travel T-Comm in 1988. While on the T-Comm Board and as President, oversaw growth from 66 to 234 agency members and from a regional to a national organization. As President of Travel T-Comm designed and oversaw the rebuilding of T-Comm Management structure. Was elected and served on the C-Star Board of Directors from 2002 to 2007 and to the TICO Board for a one year term in 2007, being reelected in 2008 for a further three year term. Over the past few years David has participated on the Educations Standards Committee, Business Strategy, Legislative & Regulatory Review and Alternate Finance Committees in contributing to TICO's future directions. David has also been active over the years in Rotary International, Ducks Unlimited wetland conservation, municipal politics, youth education initiatives, organizing sponsoring and coaching youth sports, City of Orillia BIA, Chamber of Commerce, Orillia Jazz Festival, Georgian College's Business Advisory Board and numerous other great organizations.

James R. Savary

Dr. James Savary is Associate Professor of Economics Emeritus at York University in Toronto, where he taught courses in money, banking and finance, the multinational enterprise, and electronic commerce. He joined the TICO board in 2008 as a ministerial appointee. James is a member and past Chair of the Board of Directors of the Canadian Motor Vehicle Arbitration Plan, and a former member of the Board of Directors of the Ombudsman for Banking Services and Investments. He has also been a member and past chair of the Stakeholder Advisory Council of the Canadian Payments

Association and is an active participant in the work of the Standards Council of Canada and the Canadian Standards Association.

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with full service Carlson Wagonlit Travel offices in Peterborough, Barrie, Belleville and Toronto (The Beach). Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 25 years Scott has been very involved in the travel industry and is currently serving TICO as an OMCA representative on the Board. He sits actively on the OMCA board as well as on the Canadian Advisory Council for Carlson Wagonlit Canada. As well as his role as a Director on TICO's Board, he also serves as Chair of the Business Strategy Committee and is a member of the Audit Committee, the Compensation Fund Committee and the Legislative & Regulatory Review Committee.

Richard Vanderlubbe

President and co-founder of Tripcentral.ca, a hybrid travel agency with 24 locations and a national website. Richard started in the retail travel business in 1989 with a small agency in Hamilton. Richard has held numerous positions with industry associations including Chair of the Association of Canadian Travel Agencies (ACTA) and past Chair of the Board of Directors for the Travel Industry Council of Ontario. As well as his current role as a Director on TICO's Board, he also serves on TICO's Alternate Finance Committee, Governance Committee, E-Commerce Committee and the Legislative & Regulatory Review Committee.

Kathleen Warren, CTM

Kathleen Warren CTM has been in the travel industry for over 34 years. She graduated from St Clair College in the Travel and Tourism programme and was employed by Meconi Travel Agency Ltd in Windsor Ontario upon graduation. Kathleen is now employed by Allison's Travel in Windsor.

Kathleen has been involved in CITC since 1979 as an area director, Ontario Executive Board member, V-P Education/Publications and is a member of the Ontario Regional Council. She sits as the CITC representative on the TICO Board of Directors.

Kathleen has also worked on a part time basis at St Clair College and the Toronto School of Business in Windsor. She has coordinated the Educator's Update for CITC since 1991 and has edited and revised several of the current publications which CITC sells to the schools. Kathleen has a keen interest in the education mandate of CITC - and hopes to continue working in this portfolio.

Jill Wykes

Jill is Senior VP, Human Resources with Thomas Cook. Jill has been with the Thomas Cook Canada group for 20 years in a variety of positions, initially joining Sunquest Vacations as VP Communications and Government Affairs. During her 20 years, Jill has managed Communications, Airport Services, Destination Services, Customer Service, National Sales, Resort Management, Call Centres, Operations for the Thomas Cook Canada tour operator and wholesale companies. Jill Wykes will be retiring from Thomas Cook at the end of May of 2011.

Jill has also been very involved in the regulatory area in Canada, and has been active in the industry working with governments to shape legislation for many years. She currently serves on the boards of the Travel Industry Council of Ontario (TICO) and CATO, the Canadian Tour Operator Association. Prior to working in the travel industry, Jill was a journalist and was editor of Canada's travel trade journal, Travelweek Bulletin.

APPENDIX III

Statutory Appointments

Patricia Jensen
Statutory Director,
Travel Industry Act, 2002

Michael Janigan
Deputy Statutory Director,
Travel Industry Act, 2002

Michael Pepper
Statutory Registrar,
Travel Industry Act, 2002

Mary-Ann Harrison
Deputy Statutory Registrar,
Travel Industry Act, 2002

TICO Staff

(as of March 31, 2011)

President & Chief Executive Officer
Michael Pepper

Director of Operations/Chief Financial
Officer & Treasurer
Mary-Ann Harrison, C.A.

Manager, Administration & Claims
Dorian Werda

Legal Counsel & Corporate Secretary
Tracey McKiernan, LL.B.

Legal Counsel
Soussanna Karas, LL.B., LL.M.

Registration Co-ordinator
Cora Reyes

Registration Officer
Anabel Andre
Paula Oliveira

Form 1 and Claims Co-ordinator
Lori Furlan

Complaints Officer
Barbara Wesley
Eric Neira

Compliance Officer
Rachel Palozzi
Tina Shewchuk

Client Services Representative
Jana Arthur

Financial Inspection Co-ordinator/
Financial Inspector
Hans Reitknecht, C.M.A.

Inspector, Designated by the Registrar
Fred Angus, C.G.A.
Maria Descours, C.M.A.
Timothy James, C.G.A.
Sanja Skrbic, C.A.

Provincial Offences Officer
Doug Fritz

Executive Assistant
Heather Wilkins

Administrative Assistant
Susan Janko

Reception
Paula Ferreira

Auditors

McGovern, Hurley, Cunningham, LLP
2005 Sheppard Avenue East, Suite 300
Toronto, Ontario M2J 5B4





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